*The* NATIONAL UNDERWRITER

*The National Weekly Newspaper of Fire and Casualty Insurance*

August 29, 1958

62nd Year, No. 35

# New MPIC Homeowners Program Is Put Under The Microscope

**Part One of a Series**

**By BERNARD P. McMACKIN JR.,**

**Assistant Editor, F.C.&S. Bulletins**

The details of the new residence package policy program have at last been worked out. Except for territorial premium tables, the information is in the hands of the companies. Filings are reportedly set for about 10 states early in September.

It is to be doubted whether any development in recent insurance history has inspired more watchful waiting. Multi-Peril Insurance Conference had the program as a mandate when it was formed as a combination of the dissimilar but essentially competing bodies, Multiple Peril Insurance Rating Organization and Inter-Bureau Insurance Advisory Group more than 15 months ago. Everybody knew that consolidating the homeowners and comprehensive dwelling policies would be a mammoth job. Nevertheless, impatience grew and there was nervousness too, lest the "golden goose" be succeeded by a monster.

The new program—it will bear the title "homeowners policy"—seems to this observer to have been worth the wait. The simplicity and economy of the homeowners approach have been preserved to a large degree. And some, but not all of the CDP flexibility remains.

This is a discussion of the new homeowners policy. Presumably, the forms and rules discussed are those with which readers in most states will be dealing ultimately. However, for now, it is necessary to stress that the program has not actually been filed anywhere and that there is no way of predicting how long it may be before it is in force in a given state.

### Skeleton Takes Five Forms

The skeleton of the new homeowners policy, like those used in the still current program, contains the customary declarations, the essential elements of the standard fire policy and various general conditions. There are five forms for use with this skeleton, together with an assortment of endorsements.

The five forms may be summarized as follows:

Form 1. This is officially the standard form. It is very much like homeowners policy A; thus it consists of fire, EC, vandalism and malicious mischief and theft coverages on the dwelling, private structures and personal property, plus additional living expense cover, with comprehensive personal liability cover, including fire legal liability, physical damage to property and medical payments.

Form 2. This is essentially a combination of old homeowners B and the CDP with broad form fire and allied lines cover. It is known as the broad form. Very likely, it will be the most popular.

Form 3. This form is the equivalent of the dwelling buildings special form, providing all risks cover on the dwell-

(CONTINUED ON PAGE 25)

# Anti-Trust Unit Piles Up Testimony In Aviation Field

## Hits At Lack Of Regulation, Competition "Agreements," High Rentals At Airports

WASHINGTON—The Senate anti-trust and monopoly subcommittee, under the guidance of Sen. O'Mahoney and Donald P. McHugh, committee counsel, has piled up a considerable mass of testimony in its inquiry into the aviation insurance business. Even so, the committee indicated that other witnesses might be called to complete this phase of the planned investigation of the entire business. Mr. O'Mahoney in general wants to know how state regulation of insurance is working under the "grant" of authority from Congress in public law 15.

Specifically in the early days of the investigation he has been seeking to elicit testimony that the public is paying too much for air trip insurance, that there is not enough competition on all aviation lines, and that New York does not, nor any other state or government, regulate aviation rate fixing.

### Give Two Views

Two views of the airport's insurance problems were given to the committee. E. Thomas Burnard, executive director of Airport Operators Council, defended the rentals charged trip accident insurers for space. A. Maxwell Klum, chairman Mercury-International companies of California, deplored them.

Mr. Burnard's members own or operate the principal hub airports of the U. S. served by the airlines. These

(CONTINUED ON PAGE 15)

**Martin G. Dumont** has joined the Colorado department as an examiner. He has been with the federal government for 17 years, most recently as special attorney for Internal Revenue Service.

# Butler Bros. Group Property Cover On Launching Pad Again

Butler Brothers, wholesale mercantile house of Chicago, again has offered the Ben Franklin variety stores which it serves in the U. S. an all risk package of property coverages on contents, furniture and fixtures, and improvements and betterments, on a group basis.

The coverage is being offered through Belmont Ins. Agency Ltd. of Montreal, written in a French Canadian insurer and substantially reinsured, presumably abroad.

### All Risk Coverage

The coverage is all risk with "principal exclusions" being war risk, atomic radiation, and insurrection. Among the perils included are fire, the extended coverages; water damage including tidal wave, wind driven rain and backing up of sewers; sprinkler leakage, earthquake, collapse, burglary and theft with a maximum of $500 on money and securities and up to $500 on the personal property of proprietors and employes. There is a general $50 deductible.

Starting with a minimum premium of $50 for $10,000 of coverage or less, the rate is 40 cents per $100 in levels of $5,000. The basic coverage can be bought in these amounts up to $100,000. For the same premiums, however, the agency will place excess above that amount, in blocks of $1,000. This is for those stores whose peak value

(CONTINUED ON PAGE 25)

# America Fore and Loyalty Insurers Improve Position

Midyear reports of Continental and Fidelity-Phenix, parent companies, show America Fore Loyalty companies, on a consolidated basis, during the first six months, reduced their incurred to earned loss ratio from 70.5 to 68.6 and the ratio of expenses incurred to earned loss ratio from 70.5 to 39.1, compared with the 1957 first half.

The underwriting loss of Continental was $3,126,771 the 1958 first half, compared with $5,354,926 the first six months of 1957. The same figures for Fidelity-Phenix were $3,420,900 and $4,036,181; for Loyalty group $11,798,339 and $7,058,567; Niagara $1,720,062 and $8,690,128, and Fidelity & Casualty $11,325,833 and $6,633,586.

Premiums for the whole group totaled $263,964,752, up 11.4%, which increased the unearned premium reserves $34,912,509 in the six months. Earned premiums at $229,052,242 increased 8.3%.

At June 30 values consolidated assets were $1,370,131,765 a rise of $91,480,360 over Dec. 31. Policyholders surplus was $680,011,713, up $53,736,622. Net investment income, eliminating duplication of inter-corporate dividends, was $19,086,036 the first six months, an increase of 4.9% over the 1957 first half.

J. Victor Herd, chairman and president of America Fore, recalled the decrease in losses which became apparent beginning during the third

(CONTINUED FROM PAGE 27)

# C. W. Ohlsen To Retire Sept. 30; Reid Successor

Charles W. Ohlsen, manager of Sun at Chicago for 25 years, is retiring Sept. 30. His successor will be William J. Reid.

Mr. Ohlsen, who is one of the veterans in the west, was with Western Factory Assn. after leaving school. He joined Sun in 1913 and became western manager in 1933.

He has been exceptionally active in organization work, having served as president of the old Illinois State

(CONTINUED ON PAGE 6)

**Insured with minor damage can now get prompt adjustment at seven drive-in offices in the Chicago metropolitan area. Western Adjustment is inaugurating the service Sept. 2. Story on page 2.**

# Insurance Counsel Elect Woodliff; Companies' Over-Generosity Assailed

Charges against companies of condoning exaggerated and even fraudulent claims and over-generous settlements were hurled at the annual meeting of Federation of Insurance Counsel last week in San Francisco.

Some 400 insurance attorneys attended the meeting and elected George F. Woodliff of Jackson, Miss., president to succeed J. Harry LaBrum of Philadelphia. Other officers elected were Lowell L. Knipmeyer, Kansas City, executive vice-president, and L. J. Clayton, Houston, secretary-treasurer. New regional vice-presidents are: Emile Zola Berman, New York; Walter Mansfield, Detroit; John B. Towill, Augusta, Ga.; Robert Rooney, Chicago; C. A. DesChamps, San Francisco; Gerald Walsh, New Bedford, Mass.; and Charles Whiting, Rapid City, S. D.; Sidney Moss, Los Angeles; Carroll Heft, Racine, Wis.; Donald Macwhinney, Syracuse, and Bruce Bishop, Chattanooga, were named to the board of governors.

**McConnell Accuses Companies**

In his talk at the general convention luncheon, Commissioner F. Britton McConnell of California indicated that some companies have "condoned" such practices as over-looking fraudulent and exaggerated claims. This trouble spot has been one of the most important he has observed as commissioner, and he said "it is essential that fraudulent claims against insurers be detected and defeated." Mr. McConnell added that California law requires the insurance department to prosecute such claims. He said he has requested companies to submit to him all cases where fraud has been assumed or suspected.

Mr. LaBrum, in his presidential address, urged attorneys to fight conditions which have developed in the legal profession in some areas, resulting in over-generous coverages, settlements without trial, and he stressed that companies often try to settle claims too quickly or are forced into heavy defense expenses because of increasing pressure from the public and the growing trend toward exaggerated claims.

In his talk, Mr. LaBrum said in part:

"There is of course no doubt that the concept of automobile insurance has changed radically in recent years. It has now become a public enterprise rather than a private business. In fact, today it should be classified as a kind of social insurance, particularly as it relates to private passenger cars owned by individuals.

**Pressure Auto Insurers**

"As a result, the pressures exerted by the public generally against monopolies such as public utilities are now being used against automobile insurance companies. Every possible social and political influence is being brought to bear on commissioners of insurance in the regulation of rates. As those rates have increased, or applications for their increase have been filed, it has been incumbent upon the companies in some states not only to demonstrate that they are fair and reasonable and necessary if the companies are to survive, but also to make them politically palatable. The political test is new in the insurance field. Indeed, it is contrary to the private competitive position which the companies heretofore enjoyed."

Mr. LaBrum elaborated upon the problem of adequate rates, the increasing use of the auto by the public resulting in tremendous increase in travel, outstripping construction and over-taxing existing roads and how the production and ownership of automobiles present serious economic problems.

"Long before the days of the big verdict," he said, "some members of the bar and a few people in the industry advocated a form of indemnification regardless of liability, emphasizing the social impact on the family and on the community when wage earners are injured in automobile accidents and urging the necessity of providing immediate relief in such cases comparable to workmen's compensation. The insurance companies and most lawyers have resisted such proposals and to date have prevented adoption of such an idea. The demand for change and some immediate relief on the part of the public is growing in volume and now includes the voices of some outstanding, responsible people."

**Three Questions Arise**

"Fundamentally, three questions arise in the minds of the judiciary and the public alike:

"1. Are the contingent fees of plaintiff's attorneys excessive? 2. Do lawyers as a class, defendant's as well as plaintiff's, get too much of the public's premium dollar? 3. Has litigation become so elaborate and expensive that the public is unable to afford it?"

Mr. LaBrum went into the problem of lump sum settlements as having been proved as "illogical and inadequate," and some considerations for a new form of cover to provide a claimant who wishes to settle his claim on a reasonable basis, protecting him against future expenses—and offers him a security which is not provided by a lump sum payment. Plaintiff's attorneys, he said, will resist such protection. He also cited instances where two companies have adopted

(CONTINUED ON PAGE 4)

## Federal, Vigilant Show Underwriting Gain, Income Rise

Federal and its subsidiary Vigilant of Chubb & Son group had an underwriting gain of $485,531 after adjustment for income taxes in the first half of 1958. Loss for the same period in 1957 was $94,277. Surplus at June 30 was $94,053,670, compared with $89,046,166 at the same date a year ago.

Net premiums for the first half were $34,631,002, against $32,589,279 in 1957. The ratio of incurred losses to premiums earned was 59.03, as compared to 60.94 in the first half last year, while the ratio of expenses to premiums written was 34.96. Unearned premium reserve increased by $2,584,072 from Dec. 31.

Investment income rose to $1,997,203, against $1,806,937 in the first half of 1957. Net income at June 30 was $2,482,734, an increase of $770,074 over the same date a year ago.

## Open "Drive-In" Adjustment Offices In Chicago

Western Adjustment on Sept. 2 will inaugurate in Chicago and suburbs a drive-in adjustment service for auto physical damage losses on "drivable" cars.

Insured having a loss may obtain an estimate of his own choice and drive his car to any of the seven Western branches for adjustment. Many of the offices have parking areas, and at every office an adjuster will be on duty during regular business hours, including Saturday mornings. The insured's estimate will be checked against that of the adjuster's appraisal, and if it is satisfactory that figure can be used for the adjustment. Otherwise, insured will be given a list of recommended repair shops that will make repairs for the amount of the adjuster's estimate.

Information cards and territory maps have been prepared for distribution to agents. Information may be obtained by writing the automobile division of Western at 223 West Jackson boulevard, Chicago 6.

## Speakers Slated For Idaho Annual Sept. 7-10

The annual convention of Idaho Assn. of Insurance Agents will be held at Sun Valley, Ida., Sept. 7-10.

Featured speakers will be W. E. Pullen, executive vice-president U.S. F.&G.; Joseph F. Murphy, secretary and general counsel America Fore Loyalty group; Archie M. Slawsby, vice-president National Assn. of Insurance Agents, Nashua, N. H.; William E. McCloy, General Appraisal, Los Angeles; Philip E. Kingsley, assistant Board of Fire Underwriters of the Pacific; Gov. Smylie and Commissioner O'Connell.

The convention schedule for Sept. 7 includes the annual meeting of Idaho Surplus Line Assn.; the workmen's compensation contact committee meeting; the contact committee meeting with the board of Idaho Surveying & Rating Bureau; and a barbeque and dance in the evening.

An open business meeting will be held Sept. 8. The speakers program will also begin and will continue through the next day.

Idaho Surveying & Rating Bureau will meet Sept. 10, and the Idaho association will hold a closed meeting that afternoon.

## N.Y. To Hear Changes In Compulsory Rules

A hearing on proposed revisions of regulations prescribing minimum provisions of automobile liability policies subject to the motor vehicle financial security act will be held at the New York department Sept. 3 at 10 a.m. The proposed regulations would supersede those adopted in July, 1956, and would become effective Jan. 1, 1959.

**Athey & Barton,** a new agency, handling all lines including life, has been formed in Baltimore at 32 South street by William B. Athey and Alexander K. Barton. Mr. Athey, a director of Maryland Assn. of Insurance Agents, has been with Hopper, Polk & Purnell, and Mr. Barton was formerly with Warfield-Dorsey Co. Mr. Barton is a CPCU and was at one time with Liberty Mutual.

# E. W. Thomas Is New President Of Montana Agents

Montana Assn. of Insurance Agents, meeting at Billings, elected E. W. Thomas of Missoula as president to succeed Alem LaBar of Billings. The vice-president is John Braundeck, Miles City, and the new state director is Gardner C. Waite of Bozeman, succeeding Everett North of Billings. Mr. Waite is the agent in whose name the suit was brought protesting the licensing of Saskatchewan Guarantee & Fidelity.

James E. Driscoll of Butte is secretary-treasurer of the Montana association.

The new policy renewal plan of the Pacific Board was explained by Robert A. Matthew, vice-president on the coast of Great American, and Wallace E. Dunning, research assistant of the board.

Earlier on the program, the operations of an adjustment bureau during a catastrophe were described by Harry Boyle, coast general manager of General Adjustment Bureau. Appearing with Mr. Boyle was Donald Irwin, executive assistant of GAB, who was in charge of the catastrophe office at Billings this summer following the hail storms.

Approximately 225 were registered as the meeting opened. The first session was marked by a tribute to the late Earl MacMahon of Bozeman, founder of the state association who died recently at Azuza, Cal.

The national association was represented by Paul H. Jones, Tucson, a member of the executive committee, who stressed the importance of participating in association and allied activities.

Commissioner John J. Holmes, who has been much in the news following his proposal that fire departments be supported by the insurance companies out of a special tax, was on the program to explain the proposed recodification of the insurance laws.

Another speaker was Fay Hawkins, assistant general manager of Pacific Fire Rating Bureau, who stressed the importance of team work between agents and companies.

## Restore War Rates On Near-East Cargoes

American Cargo War Risk Reinsurance Exchange has restored war risk rates on shipments to and from Lebanon, Syria, Jordan and Iraq to 3¾ cents per $100, effective Aug. 22. Rates for these areas had been quoted only on application during the recent disturbance which began on May 20.

In that period, the highest rates were 25 cents with additional charges of 25 cents for strike, riot and civil commotion coverage on voyages to and from interior locations. Rates for Egypt and Israel ports had remained unchanged.

**Gloer Hailey & Associates,** Atlanta agency, has been reorganizd under the same name following the death of I. Gloer Hailey, president. C. R. McCormack was named president and treasurer, R. M. Clark vice-president, and Miss Florry Hardeman secretary.

THE NATIONAL UNDERWRITER. Published weekly by the National Underwriter Company, Office of Publication, 175 W. Jackson Blvd., Chicago, Ill., U.S.A. 62nd year, No. 35, Friday, August 29, 1958, $7.50 per year (3 years, $20); Canada $8.50 per year (3 years, $23); Foreign $9 per year (3 years, $24.50). 30 cents per copy. Entered as second-class matter April 15, 1931, at the post office at Chicago, Ill., under Act of March 31, 1879.

# Insurance Counsel Elect G. F. Woodliff

(CONTINUED FROM PAGE 2)

plans along these ideas of "alternative compensation."

"The despotism of custom is on the wane in this fast-moving world," said Mr. LaBrum, "and while there is no calling more reluctant than the legal profession to seek new frontiers, and the judiciary with few exceptions is confirmed in its maintenance of the status quo, it is high time that our profession take another look at the situation in order to fulfill that to which we are dedicated—service to the public.

"As I have already indicated, the public ultimately will determine whether they shall have the choice of payment certain or taking action under their legal rights. The insurance companies, as well as the lawyers who represent them, should spend some time in soul searching and ask themselves what can be done in solving this problem short of the possible acceptance by the public of the 'payment certain' plan. This may mean that we will have to revise our whole concept of automobile risk classifications and the method of the claim procedure." He said the companies cannot keep paying out more than they take in; that they will tailor their coverages and rates to protect policyholders, shareholders and stay in business.

"The fear I have," he warned, "is that the refusal to write certain risks and the increase in premium rates may lead to government intervention in the shape of state fund companies or some equivalent which may and probably will use uniform rates for all private passenger cars. This must be avoided at all costs.

" . . . We cannot accept the conclusion that our entire system of court procedure, trial and common law torts concepts should be eliminated as the means of handling automobile accident litigation. We must analyze and plan. Perhaps that conclusion will become inevitable, but if it does, I think we will be in a large measure to blame because we accepted alternatives or corrective measures forced on us rather than leading the effort to shape and adopt legal procedures which will effectively dispose of automobile litigation without prohibitive cost."

He also urged the members to make some efforts individually to get litigants and courts to resist the pressure to compel settlements at inflated figures.

**Must Cooperate With Doctors**

The need for closer cooperation with the medical profession was emphasized by C. Joseph Stetler, director of law for American Medical Assn., who urged that joint meetings in various areas be developed by lawyers with local medical societies. He said doctors need some education, particularly because seven out of every 10 bodily injury cases include medical aspects. He said there is still great aversion on the part of doctors to testify, but he said he thought education will change this through inter-profession conferences.

On the other hand, Kenneth Carney, general claims chairman of Assn. of American Railways, charged that his organization has exposed many cases of collusion between doctors and attorneys. He reviewed the association's system and the success of a system of post-settlement examination of cases.

Robert Rooney of Chicago discussed pre-trial efforts of plaintiff's attorneys to demand information regarding the limits of insurance policies owned by the defendant. Defense attorneys have opposed such efforts but, according to the numerous citations given by Mr. Rooney, there is universal conflict among courts, some of which have ruled that liability insurance is not part of the assets of the policyholder-defendant.

**Decries "Giveaway" Settlements**

Stratton Hammon of Louisville decried "giveaway" claims settlements, pointing to the number of small claims received under the designation of "explosion" and exaggerated demands made. He opined that of all the claims made for explosion damage less than one out of 100 are valid. He also pointed to the unnecessary claims presented as the result of sonic booms, which have developed thousands of claims in certain areas, even miles away from the immediate point of the boom.

"Whenever I find real damage from an explosion," he said, "the companies are happy to pay off. But they also pay off on about 60% of my negative claims."

Stuart Turner, agrologist of San Francisco, reported there are growing insurance problems in agriculture which are developing more legal work and Arthur Murphy, New York, reviewed the efforts of the government and companies to provide peacetime coverage against claims from use of nuclear reactors.

**Talks On Jury Selection**

Speaking on "Selection of a Jury by Defendant's Attorney," John McInnis of San Diego advised that it isn't always wise to select well-to-do or prosperous persons. "When they find against you, they find heavy." He said he favors a tidy and neat juror and ignores the woman whose slip is showing, with stockings askew and sloppy make-up; or a man who is careless in appearance. He advised against bartenders, waitresses, but said he would accept nurses, doctors and retired military personnel.

Along with Mr. Stetler, Peter Brown, corporation counsel for the city of New York, also called for joint educational efforts as being necessary to reduce the overwhelming tort litigation in the courts and to bring about the elimination of unworthy and over-generous awards.

In the opening session of the conference, Gus F. Wortham, president of American General, was presented with the federation's award for Outstanding Insurance Man of the Year.



# Program Announced For Mutual Casualty Conference Next Week

The program has been set for the annual sales and agency meeting of Conference of Mutual Casualty Companies, Sept. 4-5, at the Conrad Hilton Hotel in Chicago.

S. Rains Wallace, director of research of Life Insurance Agency Management Assn., will open the meeting Thursday morning, speaking on "Real Potentials of the Multiple Line Concept."

Keynoting the vested agency section meetings Thursday morning will be a lengthy-titled talk, "How to Handle an Agent Who or a Territory Which Persists in Giving an Increase In Automobile Volume with Nothing Else," by Otto C. Lee, Harleysville Mutuals. This will be followed in the afternoon by a panel on premium finance and installment payments. Discussing this subject will be Leonard Kington, Equity Mutual, "Approach;" George Faunce III, AFCO, "Premium Finance Company;" Paul H. Darling, Iowa National Mutual, "Company Owned Premium Finance Company;" W. W. Swanton, Chicago National Bank, "Bank Premium Finance;" Norman L. Trebilcock, Badger Mutual, "Installment Premium Payment Plans;" and S. Alexander Bell, Midwest Independent Statistical Service, "An Actuary Looks at Automobile Acquisition Costs."

**Feature Panel Discussions**

Panel discussions will be featured at non-vested agency section meetings, beginning Thursday morning with one on supervision of district managers or field supervisors. Panelists will be Glen Erftenbeck, Nationwide Mutual; Paul A. Siedenburg, Iowa Farm Mutual; and Myron E. Dean, State Farm. T. P. Graham, M.F.A Mutual will be moderator. Speaking at the afternoon panel on financing plan for new agents will be W. H. Henthorn, Rural Mutual, moderator; John O. Hutchins, Indiana Farm Bureau; Norman Scott, Mutual Service Casualty; and Floyd Desch, Farmers Mutual Automobile.

The meeting will wind up Friday morning with a joint session. Dale C. O'Brien of Mayor & O'Brien, Chicago public relations consultants, will speak on company communications with agent and public, and Arnold Schneider of Western Michigan University will talk on human relations.

## Fund Names 3 On West Coast

Fireman's Fund has made three appointments in the safety engineering department for the Pacific territory. C. Van Aken, who has been in safety engineering since 1946, becomes assistant manager of the department; Robert E. Vergie, with the Fund since 1946, supervising casualty engineer; and Martin K. Christensen, with four years' service, supervising fire engineer. David Glass is manager.

**W. F. MacConnell & Co.** appraisal engineers of Cincinnati, have moved their offices to the Rookwood building which was formerly occupied by the makers of the famous Rookwood pottery. The building is located on a hill overlooking the Cincinnati and northern Kentucky area and is considered one of Cincinnati's landmarks. MacConnell & Co. have branch offices in New York, Chicago, Indianapolis and Washington.

**Augusta (Ga. ) Board of Fire & Casualty Agents** has elected Hugh Hall president, Jack Sherman vice-president, and James Boyles secretary-treasurer.

## Cuts Auto Rates In Iowa, Credits Strict Law Enforcement Plan

Preferred Risk Mutual of Des Moines has made a 8% cut in automoblie rates for drivers 25 or over. The reduction results from enforcement of a new point-system in Iowa, according to Preferred Risk.

The company is the first to announce a rate reduction resulting from a strict law enforcement program by the Iowa safety department. State officials have announced a 20% reduction in traffic deaths and accidents since the point system was adopted April 1.

## New Hampshire Losses For Half; Record Volume

New Hampshire had an underwriting loss of $1,402,871 for the first six months, compared with a loss of $275,-904 for the same period last year. Premiums written were $20,617,176, a new high for the first half and an increase of $2,504,251 over the first half of 1957.

Unearned premium reserve was $30,123,791, an increase of $1,872,743 since Dec. 31. Policyholders surplus was $22,659,123, up by $1,466,037 since last year end. Loss ratio to earned premiums was 64.1% for the first half, against 57.9% for the same period in 1957. Expense ratio to written premiums was 39.5%, against 40.4% a year ago.

Net investment income was $847,621 for the first six months. There was an operating loss of $555,250 before federal taxes, compared with a gain of $529,101 for the first half of 1957. Assets at midyear were $75,136,794, an increase of $3,636,551 since Dec. 31.

## New Scott Wetzel Office

The Scott Wetzel Co., adjusters of Salt Lake City, has opened its fifth office. The new branch is at Twin Falls, Ida. Other offices are at Ogden, Utah, and Idaho Falls and Pocatello, Ida.

Carl Gavin, who has been assistant to the manager at Pocatello, will be in charge at Twin Falls.

## OL&T Rates Up In Ia.

National Bureau of Casualty Underwriters has increased OL&T rates for BI on area and frontage classifications in Iowa by an average of 11.3%, effective Aug. 27.

## MacCallum At St. Louis For American Surety

American Surety has appointed D. F. MacCallum assistant manager at St. Louis. He joined the company in 1930 in the home office accounting department and later had assignments in loss prevention, underwriting and production at St. Louis and Washington. He was most recently assistant manager at Oklahoma City.

## American Casualty Has Sub-Standard A&S Plan

American Casualty, which has been in the sub-standard risk field with its impaired risk disability policy, is offering hospital coverage for impaired risks. The new policy incorporates moderate elimination periods for the specified physical condition. It provides up to $15 daily for room and board, and $150 for general hospital expense. Surgical benefits up to $300 are included but do not cover the specified physical condition. Indemnity limits are 90 days for each accident or sickness—for other than the specified physical condition—for standard ages, and 45 days for overage risks. The limits for specified preexisting conditions vary from 30 to 90 days according to the impairment.

The policy is issued to adults from 18 to 59 and to children from three months to 17 years. A senior plan covers those from 60 to 74. Premiums are based on the severity of the specified condition. Applicants must have been symptom free for a stated period, ranging from one month for most conditions, to 48 months for the most serious afflictions.

## *Insurers Take Special Note Of Lincoln Stamp*

The issuance Aug. 27 of a postage stamp commemorating the Lincoln-Douglas debates has aroused some insurance activity. Crum & Forster group, from whose western headquarters city of Freeport, Ill., the stamp will have its "first day sale," is sending special first day covers (imprinted envelopes carrying the new stamp and a special cancellation) to its agents in the 15 midwest states and to all the employes in the western department. The cover has a picture of Lincoln and Douglas during their famous Freeport debate of Aug. 27, 1858, and is inscribed "Crum & Forster Group."

Dr. R. Gerald McMurty, director of the Lincoln National Life Foundation of Fort Wayne, observes that the stamp is believed to be the first ever issued in commemoration of a debate. It is the first in a series of four stamps commemorating the sesquicentennial of the birth of Lincoln. The centennial of the debate is to be celebrated from August through October, climaxed with a program on the campus of Knox College at Galesburg, Ill. Lincoln National Life Foundation has prepared a special Lincoln-Douglas debate display which will be exhibited at the Knox College celebration and in several cities throughout the country until the end of 1959.

## Pacific Employers Appoints Thornton At Sacramento

Milton M. Thornton has been appointed manager at Sacramento by Pacific Employers, succeeding Ivan Swanson.

He has been assistant manager at Los Angeles, and has had experience in production, as special agent and in public relations in Los Angeles.

## Phoenix Of Hartford In Accounting Shifts

Phoenix of Hartford has appointed Leroy H. Harris manager of the premium accounting division of the comptroller's department.

H. Stuart Hanes Jr., supervisor of the accounting service section, formerly under the premium accounting division, will report directly to the comptroller.

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Globe Glass & Mirror Co. of Chicago has appointed **Bernard F. Amato Jr.** a sales representative. He will handle accounts in the Loop area. Mr. Amato for eight years was a special agent for Yorkshire in Chicago and also at one time headed the engineering department. Before that he was with Fireman's Fund and Aetna Casualty in automobile underwriting.

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**Atomic Energy Commission** proposes to issue a construction permit to Aerojet-General Nucleonics for 10 atomic energy research reactors. AEC announced that company has filed, as proof of financial protection under the law, copies of binder 27, issued by Nuclear Energy Liability Insurance Assn., covering the applicant's facilities.

## Bituminous Casualty Opens In Pittsburgh

Bituminous Casualty has expanded operations to western Pennsylvania and has opened an office in Pittsburgh. James Suffern, veteran of 18 years in insurance, will be manager.

### *Nationwide Mutual Enters Florida*

Nationwide Mutual, Nationwide Mutual Fire and Nationwide Life have been licensed in Florida. Headquarters will be at Orlando with district offices at Tampa and Jacksonville. The state will be part of the Carolina region, which is handled from Raleigh, N. C. Ernest M. Carpenter is Florida sales manager for all three companies.

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**Assn. of Mutual Fire Insurance Engineers** will hold its annual meeting, Sept. 15-17, at the Somerset Hotel in Boston.

## *Reliance Reduces Loss; First Half Volume Up*

Reliance wrote premiums of $28,-373,067 in the first half, an increase of $357,223 over the same period in 1957. Consolidated underwriting loss decreased $410,553, compared with the first half of 1957, while investment income was constant. This resulted in an operating loss of $210,915, against a loss of $621,725 for the first half of 1957.

Consolidated assets rose to $114,-287,228, an increase of $4,403,234 over the end of 1957, while policyholders surplus increased $3,611,670 to $39,-665,892.

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**Andrew J. Seaburg** has joined Wolverine Mutual of Dowagiac in the sales and agency division. He has been manager of General Telephone Co. in Dowagiac.

## Urda Promoted In Pa. By Great American

Great American has consolidated fire and casualty operations at Pittsburgh under Richard B. Urda, manager. C. D. Miller, special agent, will assist him in fire and allied lines in Allegheny county and adjacent areas.

Harold P. Loose and Andrew Potocny, special agents, will continue in southwestern Pennsylvania. Maurice A. Keane will be special agent in the northwestern area.

## Ky. Fire Rates Revised, Deductible Introduced

Fire rates for dwellings and mercantiles have been revised in Kentucky and the "buy back" deductible has been introduced on dwelling buildings.

The new rates are effective Aug. 25. The five years ending Dec. 31, 1956, show a combined loss and expense ratio on fire of 101.4% in Kentucky. An increase was asked on farm properties, but the commissioner held up rate changes "pending further study and a revision of schedules" which he believes will produce a more equitable distribution of costs on farms and unprotected dwellings not on farms.

**Rate Changed to 10 Cents**

The 13 cent rate on dwelling buildings and contents is changed—the contents rate becoming 10 cents and the building rate 16 cents, but under the "buy back" deductible, the building rate is 10 cents if the insured assumes the first $50 of loss.



## Mutual Fire, Life Insurers Affiliate

WORCESTER, MASS.—What was said to be the first corporate affiliation between a mutual life company and a mutual fire company took place here when directors of State Mutual Life and Worcester Mutual Fire, both of this city, announced an "affiliation." A joint statement by the two company presidents, H. Ladd Plumley of State Mutual, and Minot M. Rowe, Worcester Mutual Fire, said that the affiliation was not a merger or acquisition and would take the form of shared management of unified "one-stop" selling. The benefits of the affiliation were said to be, for Worcester Mutual Fire, the sales advantage of State Mutual's nationwide agency network, and for State Mutual, a fire-casualty outlet for its 90-office sales force. Both companies could offer "one-stop insurance"—i.e. one agent underwriting the client's full insurance needs.

## C. W. Ohlsen To Retire From Sun Sept. 30

(CONTINUED FROM PAGE 1)

Board, as Most Loyal Gander of Illinois Blue Goose, president of Under-

C. W. Ohlsen

W. J. Reid

writers Grain Assn. and of Western Underwriters Assn., and as director of Oil Assn., Factory Assn., Underwriters Salvage Co., Western Adjustment, Westen Actuarial Bureau, and the Chicago Board.

Mr. Reid was in the Michigan field for Sun before moving to Chicago a few years ago as assistant manager.

## NYFIRO Advances Geissel

New York Fire Insurance Rating Organization has advanced Fred W. Geissel from assistant superintendent of the suburban division of the general rating department to superintendent. He succeeds H. C. Hovet who retired Aug. 1.

Mr. Geissel has been with NYFIRO since 1920 in all phases of suburban division activity.

# Fire Agents Give Views On Life As Competitive Facility Or Threat

(Herewith are presented more comments from local, property insurance agents who were asked if they thought a life department an essential competitive facility for them in the days ahead.)

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For an agency to justify its existence in the present competitive field and to maintain the position that we claim, it is essential that life insurance facilities be provided. We have subscribed to that theory in a limited way for many years but have never gone to the extent of opening or operating a separate life department. However, our entire personnel has been indoctrinated to be alert for life insurance prospects and, generally speaking, either I have solicited or followed it up, or we had one of our associates follow through.

To have opened up a life department on the basis which we thought would be acceptable, the amount of money required was staggering. In the first place, to get a competent person to manage the life department would have required a guaranteed salary of a very substantial amount. Whether or not we could have written more life business than we are now doing is a matter of conjecture. We decided against it, but are now developing our own man with the ultimate purpose in mind of having a separate life department.

We firmly believe in using the monthly premium payment plan for both personal and commercial accounts. It is not only a sound practice in our opinion, but one which is looked upon with great favor by our customers. As a matter of fact, we have been pursuing an advertising program emphasizing this very program. In the personal lines, when one takes into consideration the ever increasing cost of automobile insurance, as well as the savings possible in term policies on real property, very few—relatively—insured can afford to make the necessary cash outlay for an adequate program. The American public, conditioned to pay in installments, is inclined to buy more insurance—insurance to value for instance, or more adequate limits of liability—if the premium can be spread over a number of months. Incidentally, we are absolutely opposed to the use of any company plan—we use our own and handle our own paper.

It is not our opinion that the danger of competition has been over-estimated because a competitor has a life business. We think that the competition is going to become more acute now with so many life companies going into the property field and more particularly with so many property companies going into the life field. While there will always be a few agents specializing in certain fields only, or in certain types of clients only, their future, in our opinion, is certainly not as bright as the agent which handles all lines, including life.

* * *

In the times ahead, I believe that a life department is an essential facility for two reasons:

1. All agents must be multiple-lined.
2. Life calls provide leads for fire and casualty.

We do not operate a separate department but each of the principals does sell a reasonable volume of life insurance. We do not use a monthly payment plan for personal coverages, nor commercial. We regret to advise that we think it is something that is coming in the near future.

I believe an agency operation should be equipped to handle all life insurance up to $100,000 one case.

I think multiple line companies with life insurance would favor agents who produce life insurance.

* * *

Personally I do not believe a life department is an essential competitive facility in the times ahead. I believe that most large agencies will write insurance as we do. We write nearly $1 million a year in fire and casualty premiums, but we have not felt justified in establishing a life department. We have a working arrangement with the general agent for the life insurance company that we represent whereby we can get assistance when we need it, even to calling on our customer. We feel it is better to give the life insurance man who handles it for us part of the commission than to maintain a life department, which would be expensive.

At this time I cannot see any particular competition because a competitor has life insurance. The selling of life insurance just offers additional income, as I see it.

There may be a tendency on the part of some groups to favor agencies that give them life insurance as well as automobile and other non-profitable lines. My experience has been that with big companies each department pretty well operates on its own and not too much consideration is given to any agency just because it gives the group additional more profitable lines such as life insurance. This is particularly so where life insurance is handled by a separate general agency, and I don't think it would have any effect on any fire and casualty business. It certainly has not had any effect whatsoever with us and has never even been discussed by the life company.

Actually I feel that the average fire and casualty agent is unable to be sufficiently informed properly to serve life policyholders unless he arranges that service through a life man who works at it full time.

* * *

We believe that the life insurance department is essential to an agency and have had a broker's license for a number of years. However, we do not push it, but do take advantage of any inquiries that we have. We use company personnel to help us with the sale.

We have a monthly premium plan for personal and commercial accounts. We believe that an agency should handle every kind of insurance and that is what we do.

As we see the problem with life insurance, it is the commission scale. We in the agency business would rather have a small commission every year than have a large commission for the first year and then a small amount for a short number of years. This is the main reason we do not push life.

With the income tax situation what it is today, we just don't see any sense in earning a big commission in the first year of a life insurance policy and then get nothing in the future. We want to build equity for our families in the future, and we also don't want to work all our lives. I know any number of old time life insurance men that were highly successful 30 years ago, who are not in physical condition to push their product and barely able to make out today.

## Sanborn Map Co. Has Underwriting Guide

Sanborn Map Co. has published "A Guide to Sound Fire Insurance Underwriting" as an aid in training new underwriters and as a reference for the more experienced. The 16 page booklet contains a risk by risk analysis of four actual city blocks made by the chief underwriters of four prominent companies. Maps of these blocks are reproduced in color and in full detail.

A high and a low value block were selected in both commercial and industrial sections. Each underwriter analyzed one block, stated the coverage he would accept in terms of lines and gave the reasons for his decision. Warning signals were emphasized in the analysis.

The booklet supplies the need for printed data in underwriting training which is usually a verbal procedure based on day to day problems. Copies are available in reasonable quantities without charge from Sanborn Map Co. at 629 Fifth avenue, Pelham, N. Y.; 85 John street, New York; 220 South State street, Chicago; or 530 Washington street, San Francisco.

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**Richmond (Va.) Assn. of Insurance Agents** is conducting a course at the University of Richmond evening school of business for students preparing for CPCU.

## Security Mutual Cas. Appoints McNamara

E. N. McNamara has been appointed manager of the eastern department of Security Mutual Casualty. With headquarters in New York, the territory will now combine areas formerly handled under two offices, New York City and Baltimore.

Mr. McNamara has been with Security since 1928 and for a number of years headed the former New York territory. For the past three years he has managed the primary underwriting of the company at the home office. He recently returned to New York City to assume his new responsibilities.

### Caplis-Hielscher Agency Moving

Caplis-Hielscher agency of Chicago is moving from 6469 North Sheridan road to new and larger quarters at 6465 North Sheridan. One of the few large Lloyds offices outside Chicago's Loop, the agency is also managing general agent for Mid-Union Indemnity of Elgin, Ill., transportation cover specialists.

## Los Angeles Brokers Urge Safer Auto Seats

Southern California district committee of Insurance Brokers Exchange of California has contacted automobile manufacturers and safety organizations urging development of new auto seat designs with headrests to eliminate danger of whiplash injuries to head or neck in collisions.

A resolution prepared by the Los Angeles section of the Exchange was addressed to George W. Romney, president of Automobile Manufacturers Assn.; John Warner, general manager of Society of Automotive Engineers; J. O. Mattson, president of Automotive Safety Foundation; M. R. Darlington Jr., Inter-Industry Highway Safety Committee, and W. S. Richardson, chairman of National Highway Users Conference.

The resolution points out that the term "whiplash" appears more and more frequently in accident reports, indicating that it is a hazard contributing materially to insurance expenses and to higher costs to the public. It suggested that automobile seats be designed with headrests similar to those built into racing cars and airplanes

## Four Appointments Made At Atlanta By Zurich

Four appointments have been made by Zurich at Atlanta. Everett B. Johnson has been named superintendent of agencies, Alan G. Mobley boiler and machinery supervisor of production, Jack P. Hagins Jr. field representative, and Joseph E. Murphy, fire special agent.

Mr. Johnson, with Zurich since 1943, was previously superintendent of agencies in the midwest department. Mr. Mobley was with Marsh & McLennan and American Surety before joining Zurich in 1956. Mr. Hagins has been a special agent for American Casualty in east Tennessee. A special agent in Georgia since 1956, Mr. Murphy entered insurance in 1949 with America Fore.

## Pacific Indemnity Names Gibson At Portland, Ore.

John W. Gibson has been appointed manager and special agent of the fire and inland marine department of Pacific Indemnity at Portland, Ore. He had been previously with Aetna in Oregon and Washington, with other local companies and had operated his own local agency.

## Plan WC Meet In N. Y.

A two-day institute on workmen's compensation will be held at New York Oct. 22-23. The institute will provide discussion sessions and expositions for representatives of labor, management, the insurance industry, and the legal and medical professions who practice within the framework of the areas covered by the WC law.

### Northern States Names Yambor

Northern States agency of St. Paul has appointed Victor Yambor casualty manager. He has been a Lloyds and special risks underwriter for many years, and recently was with Griffiths, Tate Ltd., of Chicago.

## Speakers Named For Minn. Agents' Annual At St. Paul

A full and interesting card of speakers has been scheduled for the annual convention of Minnesota Assn. of Insurance Agents, Sept. 14-16 at St. Paul.

Following a Sunday afternoon of registration and a meeting of the membership - advertising - promotion committee, Monday's first session will feature a rural agents meeting, sponsored by Farm Underwriters Assn., and moderated by Kenneth S. Ogilvie, secretary-treasurer of the organization. This session has been billed as containing "The most important announcement on farm insurance since the adoption of the farm survey plan." Speakers will include B. R. Walinder, vice-president America Fore Loyalty group, "What the Farm Departments Expect of the Agent;" H. K. Scott, farm superintendent Aetna Fire, "How to Increase Your Farm Premiums;" and Harlan W. Wyant, farm and hail assistant secretary and manager Great American "The Importance of Crop Hail Insurance to Your Agency."

**Package Policy On Agenda**

The other Monday morning event will be a meeting of the metropolitan agents. Addressing the group will be Joseph Johnston, inland, multiple, and ocean marine superintendent of Fireman's Fund western department, speaking on the "Commercial Package Policy—CPC & MOP" and Victor G. Lowe, manager Minnesota Compensation Rating Bureau, whose topic is "What the Agent Should Know About the Experience Rating Plan and Retrospective."

Under a general heading of "The Pulse of the People" and sponsored by Minnesota Capital Stock Insurance Assn., the afternoon session consists of four seminars. They, and their moderators, are: "Buy-Back and Recent Changes," George C. Maxwell, Fireman's Fund; "Marine Deals," Dale D. McFeters, Phoenix-Connecticut group; "Don't Oversell," L. R. Tow, Fireman's Fund, and "Casualty Pitfalls," Charles F. Simon, National Union.

The annual business meeting will be later in the afternoon, followed by the banquet.

"Explosions Extraordinary" is the title of a talk by Jerry Mayer, fire protection engineer, St. Paul, which will start the third session Tuesday morning. Director Gerber of Illinois is next with "Are We Masters of Our Destiny."

After a luncheon sponsored by St. Paul F.&M., the fourth session will open with a talk by Minnesota's commissioner Cyril Sheehan entitled "Developments of the Insurance Industry." The convention will adjourn after Kurt G. O. Pinke, Life Employment Agency, Minneapolis, discusses "Man In Space," and a "Tele-Sell" film is presented.

## Program Completed For Wis. Agents' Milwaukee Meeting

The annual meeting of Wisconsin Assn. of Insurance Agents, which opens Sept. 16 at Hotel Schroeder in Milwaukee and runs through Sept. 18, will feature public relations, salesmanship and new developments in the business.

The opening speaker Tuesday afternoon will be Dr. Robert Samp of University Hospitals at Madison, whose subject is "Play Ball For Life." R. G. Mielke, state agent Phoenix of London, and T. M. Irvine, special agent American, both of Milwaukee, will discuss time element coverages. J. C. O'Connor, Cincinnati, executive editor "Fire, Casualty & Surety Bulletins," will close that session with a talk on "What's New?" The group will attend the baseball game at Milwaukee County Stadium that night.

President A. R. Moss, Beloit, will give the administration report at the Wednesday morning session and there will be talks by J. R. Deas of American Can Co. and Dr. Kenneth McFarland, General Motors. J. C. Herrick, counsel of the Wisconsin association, will discuss tax problems. Commissioner Rogan will speak on "What The Public Expects Of Us" Wednesday afternoon, followed by a panel on "Public Understanding." Mr. O'Connor will be moderator and participants will be H. H. Nelson, Council Bluffs, president Iowa Assn. of Insurance Agents; Frank Lang, New York management consultant; P. N. Snodgrass, president General Casualty, and A. M. O'Connell, Cincinnati, past executive committeeman of NAIA. Officers will be elected at that session and the banquet will follow.

The new NAIA advertising program will be explained Thursday morning. G. A. Timm, Kenosha, state national director, will give his report and resolutions will be adopted. Lt. D. L. Enfield of the missile development center at Holloman (N.M.) Air Force Base, will discuss crash survival and H. E. Manzer, Madison, general agent Washington National, will speak on salesmanship. Gov. Thompson will be the speaker at the luncheon.

## N. Y. Insurance Society Offers Six Scholarships

Six scholarships of $300 each for one term in the property and casualty course at the school of insurance of Insurance Society of New York are being offered in conjunction with the opening of the fall semester day division Sept. 23. Three scholarships are provided by Insurance Square Club of New Jersey for students from that state. The remaining three are made available through the A. Duncan Reid memorial fund, the J. A. Munro fund, and the M. J. Rhew fund. The late Mr. Reid was president of Globe Indemnity; Mr. Munro heads the Munro group of reinsurers, and Mr. Rhew is assistant U. S. manager of Royal-Globe.

The awards will be based on education, character, need, and probable future usefulness in the insurance business. Applications, which must be filed before Sept. 2, may be secured through the office of the dean of the school of insurance, 225 Broadway, New York 7, N. Y.



## Bituminous Casualty Has Premium Gain

Bituminous Casualty showed an 11½% increase in business for the first six months of 1958, with premiums written of $13,099,200, up $1,360,500.

New branches also are being opened currently at Pittsburgh and at Atlanta.

Investment and underwriting income for the first six months enabled the company to add $600,000 to surplus, which now stands at $10,886,000.

## *Drummond Retires From Fidelity & Deposit*

Chester A. Drummond, manager of Fidelity & Deposit at Phoenix, has retired after 36 years' service. He will be succeeded by Carter Norris Jr. former assistant manager.

Mr. Norris went with the company in 1948 as special agent at San Francisco, was made manager at Oakland in 1953 and moved to Phoenix two years ago.

Richard L. Thiel, special agent at Phoenix, will become assistant manager. He trained in San Francisco and has been special agent in northern California and Oakland.

### *McMahon Is New Firestone Buyer*

M. T. McMahon, former manager of the pension department of Firestone Tire & Rubber Co., Akron, has been named manager of the combined pension and group insurance departments, following the retirement of G. C. Cockrill Jr., former manager of the group insurance department.

## Dana Davis To New England For National Underwriter

Dana L. Davis has been appointed northern New England manager for the National Underwriter Co. with headquarters at Boston. He succeeds John F. MacNamara who has resigned for reasons of health.

Dana L. Davis

Mr. Davis previously had selling experience in both life and fire-casualty lines in New York City and Boston. He was also a field man for General of Seattle in the New York City area. He is a graduate of the University of Massachusetts.

## American Reliable Shows Good 1st Half Of 1958

American Reliable showed a favorable record for the first six months of 1958, with premium writings up 15% over 1957. Assets increased to a high of $1,108,720, and surplus funds were up $44,905. After provisions for federal taxes, surplus increased $27,054. Incurred loss ratio for the period was 42%.

## Buyers Plan Pa. Meeting

Delaware Valley chapter of American Society of Insurance Management will hold a one day insurance conference at Philadelphia Oct. 8.

Speakers include John A. Diemand, president of North America; Walter White, vice-president of Lumbermens Mutual Casualty; Ambrose B. Kelly, general counsel of Associated Factory Mutuals; A. H. Criddle, executive vice-president of Ostheimer-Walsh, Philadelphia agency; William J. Schiff, assistant secretary of Indemnity of North America; Dr. Wayne Snider, University of Pennsylvania; and Reese F. Hill, vice-president of U. S. Fire.

The **Coots agency** of Platte City, Mo., received a plaque recently from America Fore for 75 years of representation. The presentation was made by F. I. Single, state agent.

**Markel Service** has appointed Donovan P. Yates Jr. as home office claim examiner. James E. Camp has succeeded Mr. Yates at Richmond as claim manager. James M. Wiltshire Jr. has been promoted from claim examiner for Markel Service to claim attorney in the legal department of American Fidelity & Casualty.

## Speakers Listed For Mutual Loss Parley Program, Sept. 16-19

The program has been lined up for Mutual Loss Managers' Conference, Sept. 16-19, at the Statler-Hilton Hotel, New York, commencing with closed sessions on Tuesday.

The opening address Wednesday afternoon will be made by Kenneth S. Hawkes, vice-president and general claims manager Northwestern Mutual. Registrants will hear: Herbert W. Hirsh, Clausen, Hirsh, Miller & Gorman, Chicago attorneys, "Recent Court Decisions of Interest to Property Loss Adjusters;" John P. Gorman and Mr. Hirsh, and Charles J. Peck of Toplis & Harding, Wagner & Glidden, "A Case with an Object Lesson;" and William H. Rodda, secretary-manager Transportation Insurance Rating Bureau, "What's New in the Dwelling Package Policy Field."

James A. Noon, Boston CPA, will discuss business interruption terminology, which is often misunderstood, at the Tuesday morning meeting.

Afternoon speakers are G. B. Martin, president United Adjustment, Kansas City, "Typical Problems Involving Reporting Form Policies," and R. C. Steinmetz, chief special agent of Mutual Investigation Bureau, who will speak on the bureau's functions and procedures.

Robert D. Batjer, president of National Assn. of Independent Insurance Adjusters, will speak at the final joint session Friday.

## Hartford Fire Promotes Three In Accounting

Hartford Fire has promoted G. Donald Geckler to supervisor of the expense division and Douglas G. Dobbs Jr., to supervisor of the general ledger division of the general accounting department. Francis P. Vendetta was appointed assistant supervisor of the group agency accounting department.

## United L. & A. Reports 29% Rise In Ordinary Sales

United Life & Accident's ordinary life sales during the first six months increased 29% over the same period in 1957. Paid for business amounted to $36,903,929, an increase of 15%. Total life insurance in force reached $301,950,779 June 30.

### *Nationwide General Names Two*

W. V. Siegfried has been named underwriting manager and Bruce W. Brickels services manager of Nationwide General, the merit rate auto insurance affiliate of Nationwide Mutual. Mr. Siegfried has been for five years underwriting manager of Nationwide Mutual in upstate New York, and Mr. Brickels has been in Lynchburg since 1951 as services manager in the Virginia region.

### *Two Texas Assns. Elect*

Two local Texas agents' associations have elected as officers: Malcolm L. Patterson, president, and Jerry Mancill, secretary, Big Spring association; James Purcell, president, Robert W. Spurck, vice-president, and Gaines Terrell, reelected secretary, Fort Worth Independent Insurance Agents Assn.

**Edwin F. Sasek** has joined the Giberson agency of Alton, Ill. He was with Maryland Casualty at St. Louis, the home office and in the Illinois field for seven years, and for the last two years has been an agent in Illinois.

## *Wight To Middle Dept.; Great American Names Zoller At Philadelphia*

C. Neville Wight is joining Middle Department Assn. of Fire Underwriters as executive assistant at Philadelphia. He was a special agent of Great American for some years and most recently was manager of the company's Philadelphia service office.

Great American has appointed Robert W. Zoller manager of fire and casualty for metropolitan and suburban Philadelphia, Delaware and south Jersey. He has been at the home office and in the field, most recently at Buffalo.

William P. Joachim will continue as assistant manager in charge of fire and allied lines. P. W. Davis and T. E. Margerison will assist Mr. Zoller in the supervision of casualty business.

## Texas Claim Men Hear Talk On Rehabilitation Center

Care and therapy at Texas Rehabilitation Center at Gonzales was described by Walter H. Richter, executive director, at the August meeting of San Antonio Claim Men's Assn.

Although the care is primarily for polio victims, accident cases are also admitted. Mr. Richter said that insurance companies providing workmen's compensation can benefit financially and from goodwill created by sending victims of serious accidents to the center.

## Williamson To Kemper Ocean Marine Department

William Williamson has been appointed special representative of the Kemper companies' ocean marine department.

He recently joined the organization and is assisting in production and underwriting in the midwest territory. For the past six years he has been with an agency as corporation secretary as well as ocean marine underwriter, production and loss manager in a 14-state territory.

## Long In CPCU Research

Society of CPCU has appointed Dr. John D. Long, associate professor of insurance at Indiana University, as director of its new research program. He will instruct chapters and individual members in research methods and guide them in projects. He will create over-all programs and assign various aspects of one subject to different chapters. Material resulting from these projects will be edited by Dr. Long and submitted to the research board for publication.

### *Allstate In Regional Appointments*

The following regional office appointments have been made by the Allstate companies: Albert U. Finnesey sales manager, Hartford regional office. Fred G. Ball sales manager, Harrison, N. Y.; James A. Bailey operating division manager, Toronto; David M. Arnt sales supervisor for life insurance, Indianapolis, and Charles E. Ogrosky sales development manager, Seattle.

Recently elected officers of **Insurance Womens Assn. of Joplin**, Mo., are: President, Lenora Martin, 1st vice-president, Geraldine Brackett; 2nd vice-president, Mary Summers; secretary, Claudia Wade, and treasurer, Vivian Brown.

**Preferred Mutual** of New Berlin, N. Y., has been licensed in Florida, operating on the basis of a 15% deviation on fire and allied lines, auto physical damage, homeowners and inland marine.

## Unravel Mysteries In Theft Coverage

George E. Martin, vice-president of New Amsterdam, said the business did an outstanding job of confounding itself in 1943 when it put the residence and outside theft policy with the mysterious disappearance clause on the market. He traced the mysteries of this clause in his talk at the annual meeting of Eastern Loss Executives Assn. at Manchester, Vt.

Under the old theft policies, Mr. Martin explained, the nub of contention in cases where all that insured could establish was that he owned property which had disappeared, was whether theft had occurred. Claims were often paid on adjusters' whims, and public dissatisfaction resulted. Companies often denied coverage where evidence merely showed mysterious disappearance, but when such cases went to jury trial this evidence invariably brought favorable judgment for insured, Mr. Martin said.

The companies attempted to correct this situation and to provide more realistic coverage by including in the 1943 revision a statement providing that "mysterious disappearance of any insured property shall be presumed to be due to theft." This was a conclusion already reached by the courts in many cases litigated under the old form. He emphasized that the revision had no intention of broadening or going beyond the peril of theft, but unfortunately many company men and agents erroneously concluded there was a basic change in coverage and that lost or mislaid articles were covered.

Mr. Martin cited a case where the wife of insured noticed her wrist watch was missing shortly after she left a hotel washroom. Recovery was denied because there was no mysterious disappearance. The watch was simply lost. There was no theft. The judge ruled that "the policy is a theft policy. The hazard insured against is theft. It does not cover or purport to cover property mislaid or lost. Nor does it insure against any and all mysterious disappearance. It merely provides that mysterious disappearance of any insured property shall be presumed to be due to theft. However, this presumption is not irrefutable."

This case and others he cited proved that insured had the burden of proving that property disappeared under circumstances which could be called mysterious, Mr. Martin said. If property was lost through carelessness, there was no mysterious disappearance and therefore no theft. Even when insured successfully proved mysterious disappearance, giving rise to the presumption of theft, the company could rebut and deny coverage if supported by relevant facts.

A magnificent misunderstanding of the application of the 1943 clause continued in the business with some companies paying and others denying the same types of losses, Mr. Martin observed. In one large metropolitan area adjusters agreed not to pay for certain types of articles regardless of how they disappeared. In another area, claims were paid on articles which had merely been lost or mislaid. At the time there was an unhealthy competitive climate and agency accounts hung in the balance and could be tilted either way on the question of payment for lost articles.

To rectify this situation and to put all companies on an equal footing, the industry introduced the broad form personal theft policy in 1956, Mr. Martin said, and included mysterious disappearance as an insured peril. The insuring agreement includes these words: "To pay for loss by theft or mysterious disappearance from the premises."

He explained that this change in coverage approach no longer entitles an insurer to show by evidence that a loss is not caused by theft. However, all disappearance losses are not covered, he continued. A ring or other article may drop overboard and disappear into the water, but the circumstances are not mysterious and therefore there is no coverage. With regard to cases involving loss of ordinary, everyday articles the essential and indispensable modifier, "mysterious," must be present for unquestioned coverage.

## Ends Misclassed Auto Overcharge Inquiry

The U. S. Senate commercial automobile marketing subcommittee, headed by Sen. Monroney, has concluded hearings on insurance overcharges through misclassifications of auto collision risks. The subcommittee began its probe in March, 1957, following complaints that six finance company owned insurers overcharged for collision coverage when they placed risks with no youthful drivers in class 2. After the 1957 hearing, the subcommittee requested state commissioners and the companies to correct the practice and make refunds.

At the latest hearing, Kenneth Barnard, president of Chicago Better Business Bureau, stated that only $8.5 million of a total of $25 million in overcharges had been refunded.

F. Roger Downey of the New York department presented a report of the National Assn. of Insurance Commissioners' subcommittee on insurance covering instalment sales and loans. He reviewed corrective measures taken by the states to compel companies to make refunds. NAIC has directed National Automobile Underwriters Assn. to require signed rating statements in connection with collision risks and to require companies writing PHD on financed cars to mail questionnaires to policyholders to initiate a refund program. NAUA has also received a recommendation that manual rates be amended to afford a lower rated classification to insured on reaching 25, Mr. Downey reported.

Sen. Monroney criticized some departments for neglecting to order refunds and failing to assist companies in expediting them.

Mr. Downey noted that the commissioners were checking the results of their program. Examiners have been instructed to check reports and operations of the insurers to determine what measures have been adopted to eliminate future misclassifications.

Howard S. Omsberg, secretary-manager of NAUA, testified that the problem has been effectively corrected.

Sen. Monroney stated that his investigation dealt with a small segment of the business and that there is no widespread misclassification where business is written through agents. His subcommittee is expected to file a report but not to seek legislation at this time.

## Set Fla. Hearings On Insurance Law Changes

Proposed revisions of Florida's insurance law will be considered at public hearings throughout the state. Commissioner Larson stated that the first draft of the revisions has been reviewed by a legislative steering committee. Sections of the original draft, not already reviewed, will be studied at the opening hearings at Tallahassee, Sept. 2-6.

At a second series of hearings there, Nov. 5-8, the proposed final draft with suggestions from various industry groups will be presented. Six public hearings will follow: Nov. 10 at Pensacola; Nov. 12 at Jacksonville; Nov. 14 at Orlando; Nov. 17 at Tampa; Nov. 18-20 at Miami; Nov. 21 at West Palm Beach; and Nov. 24-26 at Tallahassee.

**New York Assn. of Independent Insurance Adjusters** will hold its annual meeting and dinner on Sept. 25 at the Hotel Astor. Approximately 250 members and guests are expected to attend. The association is offering a $100 prize for the best paper on an adjusting topic submitted by a student of the Insurance Society of New York.

## Hartford Fire Promotes Six In Chicago Posts

Hartford Fire has promoted six in the western department at Chicago.

Charles M. Mason will continue as superintendent of the brokerage department following the retirement of Joseph A. Gauer, who has been superintendent. Mr. Mason has been with Hartford Fire 12 years, and previous to this was associated with his father's law firm, Mason, Bills & Mason, at Waukegan, Ill.

Allan M. Anderson has been appointed general attorney to succeed Charles F. Snerly who is retiring. Mr. Anderson has been with the company since 1941.

Robert E. Hainline was promoted to superintendent of the farm and specialty lines, succeeding Nedley G. Bannerman, who is also retiring. Mr. Hainline, who has been with the company since 1952, is chairman of the public relations committee of Hail Insurance Adjustment & Research Assn., and chairman of the actuarial and forms committee of Crop-Hail Insurance Actuarial Assn.

Walter S. Clevenger takes over Mr. Hainline's former post of assistant superintendent of the department. Mr. Clevenger has been with Hartford Fire for 24 years.

James C. Mitchell and Marion E. Troc have been named assistant superintendents of the automobile department.

Mr. Mitchell has been with the company since 1953, as assistant examiner, examiner and underwriting supervisor in the Chicago automobile department.

Mr. Troc, who is in charge of automobile losses, joined Hartford Fire in 1946. He was a loss examiner, and since 1956 has been a loss supervisor.

## Nuclear Coverage Talk Features NAIA Annual

H. S. Stanley, assistant general manager of Factory Insurance Assn. and of Nuclear Energy Property Insurance Assn., will describe the activities of these organizations at the metropolitan and large lines agents' breakfast at the Jung hotel, Oct. 8, during the annual meeting of National Assn. of Insurance Agents at New Orleans. A question and answer period will follow his discussion.

Maj.-Gen. Melvin J. Maas, U. S. Marine Corps retired, chairman of the President's committee on employment of the physically handicapped, will speak at the closing general session Oct. 8.

## New Orleans Agents Back TV Insurance Series

New Orleans Insurance Exchange and New Orleans Assn. of Life Underwriters have endorsed an educational program over WYES-TV. The show is a series of seven half-hour films produced by the University of Michigan television studios, and features Carl H. Fischer, professor of insurance at the university's school of business administration. Since the station is educational, the two local organizations do not advertise over the air but are running newspaper advertisements as a public service to publicize the program.

Larry A. McGuire has been promoted to assistant manager of **Sayre & Toso-W. B. Brandt & Co.** at Seattle, serving Washington, British Columbia, and Alaska. He has been with the company since 1956, recently as marine manager.

## Convention Dates

Sept. 1-5, Blue Goose, grand nest, Banff Springs Hotel, Banff, Alta.

**Sept. 4-5, Conference of Mutual Casualty Companies, sales and agency conference, Conrad Hilton hotel, Chicago.**

Sept. 7-9, Pennsylvania Assn. of Insurance Agents, annual, Bedford Springs, Pa.

**Sept. 8, Vermont Assn. of Insurance Agents, annual, The Lodge, Smugglers Notch, Stowe.**

**Sept. 8-9, New Jersey Assn. of Insurance Agents, annual, Traymore hotel, Atlantic City.**

Sept. 12-13, West Virginia Assn. of Mutual Insurance Agents, annual, Prichard Hotel, Huntington.

**Sept. 14-16, Minnesota Assn. of Insurance Agents, annual, Hotel St. Paul, St. Paul.**

Sept. 14-16, New Hampshire Assn. of Insurance Agents, annual, Crawford House Club, Twin Mountain.

**Sept. 14-16, Washington Assn. of Insurance Agents, annual, Chinook hotel, Yakima.**

Sept. 15-17, Assn. of Mutual Fire Insurance Engineers, annual, Somerset Hotel, Boston.

**Sept. 16-18, Wisconsin Assn. of Insurance Agents, annual, Schroeder hotel, Milwaukee.**

**Sept. 16-19, Mutual Loss Managers' Conference, annual, Statler hotel, New York City.**

**Sept. 17-19, Michigan Assn. of Insurance Agents, annual, Pantlind hotel, Grand Rapids.**

**Sept. 17-19, Oregon Assn. of Insurance Agents, annual, Multnomah hotel, Portland.**

**Sept. 19-20, Utah Assn. of Insurance Agents, annual, Utah hotel, Salt Lake City.**

**Sept. 22-24, International Claim Assn., annual, French Lick Springs hotel, French Lick, Ind.**

**Sept. 22-25, Assn. of Superintendents of Insurance of the Provinces of Canada, annual, Empress hotel, Victoria, B. C.**

Oct. 1-3, Society of CPCU annual, Roosevelt hotel, New Orleans.

**Oct. 5-8, Conference of Mutual Casualty Companies, annual, Chalfonte-Haddon Hall, Atlantic City**

Oct. 5-8, National Assn. of Mutual Insurance Companies, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 6-7, Conference of Actuaries in Public Practice, Morrison hotel, Chicago.

**Oct. 6-8, National Assn. of Insurance Agents, annual, New Orleans**

Oct. 12-15, National Assn. of Casualty & Surety Agents and National Assn. of Casualty & Surety Executives, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 17-18, New Mexico, Insurors, annual, LaFonda hotel, Santa Fe.

**Oct. 19-21, Illinois Assn. of Insurance Agents, annual, Morrison hotel, Chicago.**

Oct. 19-21, Maryland Assn. of Insurance Agents, annual, Emerson hotel, Baltimore.

Oct. 19-21, Missouri Assn. of Insurance Agents, annual, Coronado hotel, St. Louis.

Oct. 20-21, Arizona Assn. of Insurance Agents, annual, Pioneer hotel, Tucson.

**Oct. 20-21, Insurors of Tennessee, annual, Claridge hotel, Memphis.**

Oct. 20-22, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 20-22, National Assn. of Mutual Insurance Agents, annual, Commodore hotel, New York City.

Oct. 22-24, Kansas Assn. of Independent Insurance Agents, annual, Broadview hotel, Whichita.

Oct. 23-25, Colorado Insurors, annual, Broadmoor hotel, Colorado Springs.

Oct. 26-28, Missouri Assn. of Farm Mutual Insurance companies, annual, Governor hotel, Jefferson City.

Oct. 26-28, Ohio Assn. of Insurance Agents, annual, Columbus.

Oct. 27-29, California Assn. of Insurance Agents, annual, Sheraton-Palace hotel, San Francisco.

**Oct. 27-29, Health Insurance Assn., individual insurance forum, Drake hotel, Chicago.**

**Oct. 28-29, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.**

**Oct. 28-29, South Carolina Assn. of Insurance Agents, annual, Francis Marion hotel, Charleston.**

Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler-Hilton hotel, Hartford.

**Nov. 6-7. Kansas Assn. of Mutual Insurance Companies, Newton.**

Nov. 17-19, Indiana Assn. of Insurance Agents, annual, Claypool Hotel, Indianapolis.

**Nov. 20, Insurance Federation of New York, annual, Waldorf-Astoria, New York City.**

**Nov. 20-21, Conference of Mutual Casualty Companies, accounting and statistical, office methods, and personnel conferences, Conrad Hilton hotel, Chicago.**

Nov. 24-26, National Assn. of Independent Insurers, annual, Hotel Fontainebleau, Miami Beach.

**Dec. 10, Eastern Underwriters Assn., annual, Biltmore hotel, New York City.**

Dec. 15-19, National Assn. of Insurance Commissioners, midwinter, Roosevelt hotel, New Orleans.

Dec. 28-29, American Assn. of University Teachers of Insurance, annual, LaSalle hotel, Chicago.

**New York City Insurance Agents Assn.** will hold its annual golf tournament at Rockville country club, Rockville Centre, Sept. 9.

# O'Mahoney Investigation Piles Up Testimony In Aviation Field

(CONTINUED FROM PAGE 1)

airports handle approximately 76% of the domestic scheduled air passengers and 99% of the international and overseas scheduled air passengers. They also own and operate many general aviation airports. All but three are public bodies.

The grant of a right to sell air travel insurance at an airport is in the nature of a concession, Mr. Burnard reasoned. The desirability of being able to purchase coverage at airports is obvious, particularly in the case of airports serving international carriers where the liability of the carrier is limited by the Warsaw convention to a maximum $8,500.

Concessions also provide needed funds for the operation of the airport, he said. Each airport operator is striving to become self-supporting and to create a credit base to finance the additions and improvements necessitated by the great expansion forecast for aviation.

**Agreement Terms May Vary**

With respect to agreements for space in airport terminal buildings for the sale of air travel insurance at counters or by vending machines, airport operators follow a variety of practices. The term of the agreement may vary from 30 days to five years, or more. It may be exclusive or non-exclusive. It may be reached by taking sealed bids or negotiation. In some cases, an airport operator uses one method for space to be occupied by counters and another for insurance vending machines.

The agreement may provide for a rental at a fixed rate for the term; or a rental measured by a percentage of the gross revenue received at the counter or vending machine; or payment of a fixed rate or a percentage of the gross premiums, whichever is higher, he said. A fixed rate (whether or not as an alternate to a percentage) for a number of years may appear high the first year and low the last, in light of the increased business the airport and insurer expect as time goes by.

In 1955 nearly all airports were receiving 13% of gross premiums on air trip coverage, he said, some under agreements providing for a minimum guarantee. Since that survey, scattered information from members indicates rates now range from 13% to 25%, again with some accompanied by minimum guarantees.

**Tells Average Payments**

Associated Aviation Underwriters told the committee that its average payments to airports for vending insurance during the year ended last June 30 amounted to 20.3% of gross sales. Mr. Burnard believes this compares very favorably with the cost of selling other forms of insurance, especially when so few additional costs are incurred in the sale of air travel insurance. In the sale of general accident insurance, for instance, commissions to brokers and agents may run as high as 45 to 50% of gross premiums, he said—plus advertising and other overhead.

At an airport, however, there is a ready-made market produced not by the vendors' advertising and personal contacts but by the fact that taxpayers have made available a terminal facility at which the vendor can expose his wares to the traveling public, he pointed out.

During the past few years, acquisition costs on air trip insurance have spiralled fantastically, solely as a result of the high rentals that are paid by insurers at airport facilities, Mr. Klum declared. Sound business practice and economic factors now are completely ignored. The problem is approaching the proportions of a crisis to the air trip insurance industry.

Underwriters are not retaining enough of the premium dollar to build the necessary reserves for potential catastrophes that may come as a result of the continued crowding of the air lanes and the operation of jet aircraft by the scheduled air carriers, Mr. Klum believes.

In 1954 there was a radical change from the custom in awarding contracts and the terms, to inviting bids and minimum guarantees, he said. Although the 13% seemed to form the basis of each contract, for all practical purposes it was meaningless. The minimum guarantee became so high that in at least one extreme case it equalled more than 100% of the gross in May, 1958.

In some cases the guarantees to airports amount to 75% of the gross, he declared. Considering that the normal operating agent's commission in this business is 25%, the loss ratio in 1958 will exceed 40%, and other acquisition costs, excluding concession rentals, approximate 28%, which leaves 7% for rent, earnings and reserves. It is now very obvious that after rent is paid, the companies must suffer large losses in 1958. This deplorable situation not only reflects unsound business practices, but also gouges the air traveling public, he declared.

If fair and proper rentals were put into effect, coverage could be sufficiently broadened to reflect a 20% reduction to domestic passengers, he estimated.

The prospect of any premium reduction is impossible under the present system, he said. If airplane accidents were reduced drastically, this would merely signal airport operators for another round of rent increases. This is becoming "a vicious circle," he observed.

Banks at airports pay a fair, fixed rate—from $3.50 to $5 per square foot per year. The air trip insurance contract of one of the largest airports stipulates that the insurer pay a minimum guarantee that exceeds

## Neb. Agents To Conduct Traffic Safety Poll

Nebraska Assn. of Insurance Agents will conduct a public opinion poll in September in an attempt to secure stronger traffic safety laws in the state.

Purpose of the poll is to determine how Nebraska citizens feel concerning five areas of traffic safety; Drivers' licensing, vehicle inspection, driver education, speed limits, and the Nebraska safety patrol. At least 10,000 people will be approached to answer questionnaires.

$200,000 per year. The annual rental is, therefore, about $1,800 per square foot, more than 500 times what the bank at the same airport pays, $3.50 per square foot.

Mr. Klum suggested that the law prohibits an airport, which uses federal funds, from charging an insurer higher rental for space than the airline ticket offices, banks, news stands, telegraph office or other facilities using similar space.

Mr. Burnard also took occasion to deplore the high cost of public liability insurance which the airports buy.

Underwriters have determined that the operation of an airport should be treated as an aviation risk, which limits ports to the present aviation insurance markets. However, he said, the principal liability risks against which an airport operator seeks insurance protection have little aviation—that is, an aircraft operation—exposure, per se. The airport operator maintains runways and taxiways on which aircraft movement takes place, but he does not direct the traffic of these aircraft. More important, his potential liability is in connection with the provision of the facilities, not with the operation of the aircraft. He said he didn't know of a single major airplane crash at an airport that has resulted in a public liability payment by the airport operator or his insurer. On the other hand, liability claims do arise as a result of the public passing through terminal facilities and other areas. But this is not in any sense an aviation exposure.

Some port operators report recent rate increases which for the same coverage and period of time, at the airport reporting, have doubled, tripled, quadrupled and, in one case, increased almost 600% over the previous rate. He cited the case of one municipal airport which carries $4 million single limit liability insurance. The premium for the three years 1954-57 was $5,017. The same policy for the new three year period is $29,366. In 1957 the airport asked Aero Associates, Associated, Continental Casualty, North America, Royal-Liverpool and U. S. Aviation Underwriters to bid. The first five refused. USAU indicated its willingness to continue with insurance but wanted 30 days to re-rate. In that period, the port asked London Lloyds for a quotation. But this was not as good as the port could get from USAU. The port claims its experience is not bad. For the three-year period ending Sept. 23, 1957, USAU paid out $935 in claims.

**Losses Exceedingly Low**

Mr. Burnard said he was not aware of any catastrophic losses attributable to airport caused accidents. On the contrary, losses have been exceedingly low. Rate increases have caused ports serious concern, particularly as aviation insurance underwriters react premium-wise to the introduction of jet aircraft, he said.

Byron B. May, executive vice-president of Associated Aviation Underwriters, testified on the activities of that group. Porter Chandler and James Thomas were on hand as counsel. Mr. May explained that Associated is owned 50-50 by Chubb & Son and Marine Office of America. He said that the air trip coverage in which Associated was the pioneer steadily has been broadened without rate increases. About 1947, because airlines said writing the policies took too much of the time of their employes, distribution was transferred to vending machines. The machine is owned by Life Companies, Inc., which also owns three life companies, one Lamar Life of Mississippi. Associated pays the owner 50% of net profits to rent the machines. In 1952 Associated started also selling over the counter at airports and now has about 100 counters. The profits from these sales also are figured in the amount paid Life Companies.

**Rates 20% Of Premiums**

He said space rentals the last 12 months ran slightly more than 20% of premiums. Agents are paid 25% beyond this amount, but out of that they pay their costs, which at times exceed their commission. Some ports require 24-hour attendance at the counters, for example. However, the agent gets considerable advertising out of his operation of the counters, and he can build other sales.

Mr. May then dealt at some length

## Mich. Assn. To Fight School Self-Insurance

Michigan Assn. of Insurance Agents is preparing a comprehensive bulletin on school insurance for early distribution among members.

The association move is apparently in answer to reported discussion among some school board business managers of creating a self-insurance fund by legislation. Summer meetings are being conducted by and among school people with an idea of building up sentiment for such a self-insurance plan according to information received by the association.

The association is also preparing a deviation list, bringing members up to date on rate filings of companies.

## Atlantic Mutual Profit At Midyear Under 1957: Volume At Record High

Atlantic Mutual had a combined underwriting profit of $197,000 for the first six months, compared with $270,000 for the first half of 1957. The combined claim and claim adjustment expenses incurred were 62.60% against 61.47% for the first half of 1957. The ratio of expense was 36.30% compared with 36.87% a year ago.

Surplus stood at $28,254,000 and unearned premium reserve at $24,246,000 compared with $27,040,000 and $22,065,000 respectively at the 1957 year end.

Net premiums written in the first half of 1958 were a record $20,104,000, up 10.4%. Assets reached a record $84,331,000, an increase of $4,409,000 over midyear of 1957. Investment income for the first half was $1,175,000.

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with the rise in airport rental fees.

Reed Chambers, chairman of U. S. Aviation Underwriters, told how he got into the aviation insurance business—when, in 1926, he had started a small airline and a hurricane destroyed his aircraft. At that time no insurance was available so he decided to organize a facility to provide it.

In recent years, the big job has been to maintain a big enough market to take care of the aviation industry. Member companies of USAU have shown great patience, he said, in sticking with the pool.

### Requirements Of Membership?

Sen. O'Mahoney interrupted to ask how much power the individual insurer surrenders when it becomes a member of USAU. Mr. Chambers said USAU is the sole aviation underwriting authority of the insurer member, world wide. The aviation insurance contract is signed by the individual company or companies and insured with USAU signing as general agents, so to say. On large accounts, USAU issues a group policy signed by all members of the group. Small risks may be put in one insurer.

"The price at which the coverage is sold is set by USAU," Mr. McHugh asked. Yes, Mr. Chambers replied. Do participating companies have authority to place any such business direct? No, except aviation workmen's compensation, but even this USAU controls on airlines and on manufacturers of airframes, engines, propellers, etc.

How sizeable is USAU's foreign business? A large number of risks have left to go with foreign insurers at lower rates. Holland, Mr. Chambers noted, now self insures. USAU does a sizeable business in Canada, Mexico, and Central and South America. In general, abroad, USAU follows American capital—foreign lines that have had help from American capital.

Does USAU do a direct business on British lines? No, but British insurers write business direct in the U. S., along with London Lloyds, where they are licensed to write direct. However, Lloyds have used U. S. insurers and then reinsured the lines 90% or more. Mr. Chambers said that the British market writes in South America.

Albert J. Smith, president of USAU, maintained that his pool had entered no agreements or even understandings of any kind with other markets with respect to business world wide, as to rate or coverages, in a blanket way. The jet risk, where the value of hulls runs $6.5 to $7.5 million, is too big for one domestic market; a world market is needed. Here there would have to be agreement on the rate and coverage to get the risk covered.

Mr. McHugh introduced into the record a letter dated Dec. 17, 1957, from R. H. Jennens of British Aviation Ins. Co., to W. de Vlaming, president of International Union of Aviation Insurers. A carbon went to Mr. Smith.

Mr. Smith explained that the union is a trade association of insurers and pools writing aviation insurance. Lloyds does not belong and USAU is the only member from the western hemisphere.

### Reluctant To Accept Lloyds

The Jennens letter suggested the possibility of Lloyds joining the union, but said the union was reluctant to accept them as members. There was a reference to cooperation with Lloyds as outlined at the Amsterdam meeting of the union that year. There was also a reference to Mr. Smith's reference to markets standing firm on the coverage of Boeing's production model of the jet. Mr. Smith explained that this was the prototype but there was no agreement. USAU had been asked by London to cooperate on rating these jumbo risks.

Mr. McHugh asked if Mr. Smith and London had agreed on a rate. Mr. Smith replied that where markets have to cooperate to give coverage, he knows of no differential in rates existing. Insured then is foreclosed from getting competitive rates? Mr. Smith replied that insured could have gone to Associated Aviation Underwriters or to the London market first but went to neither place. There was no agreement, he said. USAU submitted rates and London followed. At Amsterdam there was discussion of the difficulties of placing coverage on the jet prototype plane of Boeing. Mr. McHugh's questioning dwelt considerably on whether there was competitive pricing. Mr. Smith emphasizes that the real problem was to get the coverage. It turned out that this was so much of a problem the plane was not fully covered at the outset and one American insurer had to step in before the world market would go along.

### Formulating Rate Agreements

"You suggested that the cooperation of the insurance markets may have to be followed on the 707 jets," Mr. McHugh observed. "Has the international union been used to formulate agreements on rates?"

No, Mr. Smith declared—"the day it does we resign." "You mean legal agreements?" "None of any kind." Mr. Smith said discussions at Amsterdam were not of specific rates and risk but the principle of coping with larger aircraft.

Mr. Chambers noted that USAU refused to discuss the specific Boeing underwriting problem. The discussion was of general matters. One matter

(CONTINUED ON NEXT PAGE)

## Glens Falls Reduces Underwriting Loss

Glens Falls had an underwriting loss of $1,849,564 in the first six months, compared with a loss of $2,719,080 for the same period in 1957. Premiums written in the first half were $40,429,365, against $40,748,508 at 1957 midyear. Policyholders surplus was $46,084,720 at June 30, compared with $44,949,936 at year end.

Income from investments was $1,726,241, up by $945,183 over last year. Net gain for the first half was $11,586, against a loss of $1,043,928 for the same period a year ago. Assets at midyear were $152,408,341.

discussed in a session not reduced to minutes was "ingestion"—the entrance into the mouth of an operating jet plane of foreign substance, such as a rock, or a wrench. He indicated that ingestion cost the U. S. Air Force $50 million in 1957 alone. Another topic was the runways required to handle big jets.

Were there any efforts by officers of the international union to stabilize world wide aviation insurance rates? No, Mr. Smith replied.

**Longmead Letter Shown**

Mr. McHugh then offered a letter written March 29, 1956, by Peter Longmead, secretary of the union, to Mr. Smith. The letter said that on rating there was a divergence of views as to what efforts should be taken to bring about some uniformity in rates. Mr. Longmead suggested that it was felt much more along this line could be done, that it was felt to be desirable to get some agreement to follow the leader to offset indiscriminate rate cutting and to establish some measure of control over rates without going to formal tariff making.

For this letter, Mr. Smith said, Mr. Longmead was chastised. Mr. Smith wrote him April 20, 1956, stating that it was a great mistake to attempt any rate agreements which could not bind a large segment of the competition. Mr. Smith added that he could not enter into such agreements because of the U. S. anti-trust laws.

Among competitive practices which Mr. Smith objected to were excess of loss on hulls; for example, $1 million of cover, written $900,000 over $100,000. This is stupid, he said, because the airplane is at all times a potential total loss.

Another competitive practice which Mr. Smith strongly opposed was to write industrial planes for three years at 2½ times the annual rate but on an annual installment plan. This gave a discount and then gave back the privilege of paying in annual installments. On top of this, he said, the insurer (which he later identified as Associated) gave unearned premium insurance free.

**Agree On Agreement**

Mr. Smith agreed with Mr. McHugh that an agreement was needed to stop this but there was no agreement on rates. This was a good thing to agree to stop? Yes. But, Mr. McHugh observed, if someone was foolish enough to do this, why agree to prohibit it? Because it was highly desirable in the interest of all aviation insurance markets to avoid the total demoralizing effect of such a practice, Mr. Smith declared. But the effect is to prevent someone from cutting the rate? Maybe so, but "I objected to the method."

Mr. O'Mahoney pointed out that Mr. Smith had said it would be desirable "to stop this vicious pattern of competition." Mr. Chambers interjected that "stupid" would be a better word. How do you define such competition, Mr. O'Mahoney wanted to know.

"When," Mr. Smith replied, "business is written on a plan and at rates at which the insurer cannot make a profit except for the broker, who beats the insurer over the head and makes the insurers take it."

How were union members "brought a little closer together," Sen. O'Mahoney wanted to know, referring to a phrase in the letter from Mr. Smith to Mr. Longmead. Mr. Smith replied that the union had gotten to be just an international cocktail party, and there was need to discuss agreements on principles such as rating methods, which would go a long way to guide this branch of insurance in the right direction.

**A Useful Purpose Ending**

He was asked what he thought about the recent agreement at London Lloyds to "follow the lead" underwriter on aviation insurance rates. Mr. Smith said that undoubtedly it serves a useful purpose but he doubts that it will last long—it will be abandoned as soon as Lloyds sees some improvement in the experience.

Mr. O'Mahoney called attention to Mr. Smith's discussion of how to avoid "the competitive rat race." That phrase, the senator averred, is always used by those who are trying to reduce competition. Where does the dividing line come, he asked.

Mr. Smith replied that for a number of years as rates went lower, USAU would have no part of the rate cutting. Finally, in 1956, USAU decided to join the rat race to protect its own business.

"Did you ever agree to follow the principles of 'follow the lead'?" Mr. O'Mahoney asked. "Never," Mr. Smith replied. "We have served notice that we will not follow it." He said to remember that all the London market has to sell in competition in the U.S. is price. "No one in his right mind buys insurance in London for any other reason," Mr. Smith declared.

Member companies of USAU have surrendered to it their authority on rates, Mr. O'Mahoney observed. Mr. Smith commented that this is a group plan of operation. USAU's expense ratio is far less on aviation insurance than the expense ratio of its member companies on any other lines those companies write. This means lower costs to insured, Mr. Smith pointed out.

Mr. O'Mahoney observed that Congress gave authority to the ocean-marine insurers to do what the aviation insurers are doing without the authority of law. He said he was not being condemnatory about this, but asked if the authority to fix rates under these circumstances doesn't abolish competition among the individual companies of the group for the aviation insurance business.

**Travelers Eventually Joined**

Mr. Chambers observed that if the companies did not write aviation insurance through a group of this kind, they wouldn't be in the field at all. Travelers was on its own for years but finally joined.

Mr. O'Mahoney frequently throughout the testimony of various witnesses returned to the subject of regulation, its absence in this field, and especially the lack of authority of New York to regulate aviation insurance rates. He asked Mr. Smith if there is any public review of USAU's rate making. Mr. Smith said yes, by the New York superintendent. He said "we are subject to 100% rate control over the country on personal accident. On hull and liability we are subject to New York regulation under an agreement of National Assn. of Insurance Commissioners made years ago that the state where the insurer is domiciled would exert jurisdiction. We are 100% supervised, as a practical matter."

**New York And Congress**

"When did New York acquire the power to supervise aviation hull and liability rates," Mr. O'Mahoney wanted to know. "And if New York has this power, why in the ocean marine field did the underwriters feel it was necessary to go to Congress?" Mr. Chambers replied that the government felt that this was necessary and it was done at the instigation of the shipping board. He added that "if we were a monopoly as the senator suggests, which we are not, we would meet the exemption secured from Congress by the ocean marine insurers."

How can New York regulate interstate and foreign commerce, Mr. O'Mahoney pursued.

Donald Havens, USAU attorney, interjected that perhaps New York does not have the technical legal power to regulate aviation insurance rates, but in practice it does have such authority. "We don't intend to test

## National Union Reduces Underwriting Loss; Has Assets, Surplus Gain

National Union had an underwriting loss of $1,959,533 for the first half, compared with a loss of $2,126,118 for the same period last year. Premiums written were $22,740,732, against $22,149,344 at midyear of 1957. Policyholders surplus rose to $26,457,915 from $24,353,930 at the end of 1957.

Investment income for the first half was $1,200,191, compared with $1,145,389 for the same period last year. Operating gain at midyear was $159,443 before taxes, against a loss of $261,648 for the first half a year ago.

The loss ratio to premiums earned was 65.3% for the first half, compared with 64.8% a year ago, and expense ratio to premiums written was 43.4%, against 42.2% at midyear of 1957. Assets were up to $85,534,578 in the first six months from $83,134,077.

that power, and it is there," he observed.

Mr. O'Mahoney declared that legally New York has no power from the public to supervise these rates. But in this country there has developed a system that applies not only to insurance which requires that actual legal power exist to regulate business and commerce. He asked Mr. Chambers to submit a statement showing how New York or any other state regulates the aviation insurance business, and how the aviation insurance markets carry on under the anti-trust laws.

**Small Number Of Risks**

Mr. Smith emphasized the small number of aircraft risks and the extremely low, perhaps only .02%, of the total fire-casualty business done by aviation insurance. In Vermont, for example, there is one aircraft to be rated, in Wyoming, 14, no two of which present the same risk. How could any state regulate the aviation insurance business with only half a dozen aircraft in the state?

Mr. Chambers said that USAU made its own rates. However, these are subject to review at any time by the New York department. For competitive reasons USAU has permission of the department not to make a public filing.

Mr. McHugh wanted to know if International Union of Aviation Insurers is a rate policing body. Mr. Smith said not rates. But, Mr. McHugh added, it deals with such practices as selling coverage for three years at 2½ annuals. Isn't this done possibly to favor a preferred customer? No, Mr. Smith replied, it is used to cut rates.

Mr. McHugh put in an exhibit prepared by his staff to show that in the years 1952-1956 inclusive, USAU wrote 28.98% of the business in the U. S. that is reported to Company Service Corp., the statistical collecting agency of the New York department operated by Harold L. Wayne of Inland Marine Insurance Bureau, 49.04% was written by Associated, and 10.55% by Aero Associates. Thus the two larger of the three groups wrote 78.02% of the total. The figures for the three groups on airline business were USAU 33.39%, Associated 55.72%, and Aero 8.49%, with two larger groups doing 89.11% of the business and the three groups 97.6%. Mr. Smith observed that these figures did not include the millions written in non-licensed companies.

**Over $20 Million Abroad**

Mr. Chambers guessed that $20 million to $25 million of the direct aviation insurance business in the U. S. is going abroad. Mr. Smith said that among airlines written directly in the London market are Capital, Delta and Braniff.

Mr. McHugh and Mr. O'Mahoney also questioned Mr. Smith on whether Aero Associates had applied for membership in the international union. Mr. Smith said yes, but the application had been rejected. Mr. Smith said he opposed it very vigorously at the Venice meeting of the union in September, 1952. Asked if he did so because Aero was obtaining business by cutting rates, Mr. Smith said emphatically no. He opposed membership because Aero was owned in part by Stewart, Smith & Co., a brokerage firm, and the union was not open to membership by brokers. An insurer owned by a brokerage concern is neither fish nor fowl, he declared. However, Mr. McHugh quoted from correspondence indicating that the union had legal advice that the fact Aero was owned by a brokerage firm was not a valid reason for rejecting its membership.

Mr. Smith pointed out that Associated once was a member of the union and was sponsored by USAU but didn't stay in because it felt that it was not getting its money's worth. North America has made several preliminary moves to become a member of the union but has not followed up the matter.

At one point Mr. O'Mahoney observed that "you shy away from any suggestion of rate making agreements." Mr. Smith said that USAU welcomed competition but certain things in competition that are bad it has been interested in trying to eliminate. Mr. O'Mahoney observed that it is a common practice in these matters to avoid signing agreements but to reach the objective of such agreements nevertheless. "Wouldn't it be better to have these agreements done in public, supervised by authority clothed with public power?" Public regulation rather than private regulation is best for the public and the business, he opined.

## Seek 30% More For Texas Department

AUSTIN—An increase of nearly 30% in appropriations is sought by the Texas department in its new budget requests for the biennium starting Sept. 1, 1959, with its members holding that it can be done without increasing current tax rates.

As compared with the present budget figure of $2,228,118, the department has asked for $2,910,283 for the first year of the next biennium and $2,887,932 for the second year. The requested increases involve additions to the personnel and higher salaries.

In arguing for the added money, Commissioner William A. Harrison has pointed out that the requested budget is slightly less than 2% of total annual premiums paid in Texas.

The main proposals in the budget requests were: Retention of the three board members on a full-time basis; over-all increases of about 20% in number of employes, especially policy analysts in the life field and raters in the fire field.

### *Record Policy For Gen. Of Seattle*

A jumbo fire policy, the largest ever written by General of Seattle, has been written to provide blanket cover on the buildings and contents of the Kanawha county board of education, Charleston, W. Va. The policy has a face amount of more than $26 million and replaces 130 separate fire policies.

R. E. Carson is the agent of record and C. R. Treadgold, General field man, worked with Mr. Carson on the details.

## Deviation Lists Issued By Michigan Agents' Assn.

An up-to-date deviation list of all insurers licensed in the state is being issued to members by Michigan Assn. of Insurance Agents. The list, which supersedes one issued last year, contains all deviations from rates, rules and practices of Michigan Inspection Bureau and several independent-type filings.

Not included are deviations and independent filings in cases of: Reorganized farm fire mutuals which have become general mutuals; guaranteed rate plans covering full policy terms; and certain technical deviations.

**Eugene A. Toale,** associate manager metropolitan department of Home, has been elected vice-chairman of the committee on fire prevention and water supply of New York Board.

### *New Underwriters Handbook Of Florida*

**A new Underwriters Handbook of Florida has just been published by the National Underwriter Co. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new Florida Handbook may be obtained from the National Underwriter Co. at 420 East Fourth street, Cincinnati 2, Ohio. Price $12.50 each.**

**General Adjustment Bureau** has moved its Columbia, Tenn., office to new quarters at 502 North Garden Street, Columbia. Clyde B. Puckett is the branch manager.

# Field

## Cook And Ream Named In Pa. For North British

North British group has appointed James F. Cook and Harold E. Ream special agents. Mr. Cook will be associated with Special Agent P. J. Mayer at 1209 Garrett building, Baltimore, and Mr. Ream with State Agent W. L. Ferguson at 1704 Investment building, Pittsburgh. Mr. Ream has completed the company field men's multiple line training course.

## Plan N.J., Pa. Field Club

Plans for a field club in Trenton, N.J., and the nearby Bucks county, Pa., area are being explored by John W. Lane, state agent of Reliance, and Walter B. Savage, special agent of Standard Fire. Information about the club and a tentative luncheon meeting on Oct. 13 is available from Mr. Lane or Mr. Savage at their Trenton offices.

## Fund Names Johnson In O.

David A. Johnson has been appointed fire special agent for Ohio by Fireman's Fund. He will operate out of Columbus. Mr. Johnson has had three years experience in underwriting and field work in the Fund's St. Louis and South Bend offices.

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## Wicecarver Named S. A.

The Nelson general agency of Kansas City has appointed John J. Wicecarver as special agent for western Missouri, with headquarters in Kansas City. Mr. Wicecarver has been in the insurance business 12 years, with experience as local agent, special agent and in home office duties.

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## Towne In R. I. For Hanover

Hanover has appointed Robert R. Towne state agent at Providence to succeed Vincent J. Toher, who has gone to the home office. Mr. Towne was formerly with Boston as special agent in Rhode Island and southeastern Massachusetts.

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## Boland Promoted In Pa.

New Hampshire has advanced John L. Boland from special agent at Wilkes-Barre to state agent. He joined the company in 1951 after experience with General Adjustment Bureau.

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## Carr In Ky., Ind. Field

Security has appointed Michael R. Carr special agent for western Kentucky and southern Indiana. He will be associated with John James, resident secretary at Louisville.

Mr. Carr had been in the local agency business in Wheeling and prior to that was a fire underwriter and multiple line field man in Kentucky for National Union.

## Lloyd's Growth Outlined

Broadway Brokers, Philadelphia excess and surplus lines firm, has issued a pamphlet, "A Sketch of the History of Lloyds." The growth of the organization is traced from its beginning as marine insurers to its present activity in practically all lines.

Copies are available without charge from Broadway Brokers, 10 South 18th street, Philadelphia.

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### *Commercial Union Names Bogart*

A. A. Bogart has been named chief accountant of the Commercial Union-Ocean group's Pacific department at San Francisco. He is a past president of Insurance Accountants Assn. of San Francisco and chairman of West Coast Statistical Committee.

# Stock Company Aviation Results Shown For 1953-57

Results on aviation lines of stock companies as shown in the accompanying tables have been compiled for the policy years 1953-1957 by Company Service Corp. as statistical agent of the New York department. Written premiums for the policy years 1953-1956 inclusive have been treated as fully earned while written premiums for 1957 have been adjusted to an earned premium basis by applying estimated percentages.

Direct Business Only

Policy Year Experience to Dec. 31, 1957

| Policy Year | Net Direct Premiums Earned | Incurred Losses Including Allocated Claim Expense | Paid Losses Including Allocated Claim Expense | Loss Reserve Dec. 31, 1957 | Loss Ratio |
|---|---|---|---|---|---|
| **Hull Ground Coverages** | | | | | |
| 1953 | 5,720,438 | 2,384,552 | 2,384,552 | | 41.68 |
| 1954 | 5,773,023 | 2,089,507 | 2,051,055 | 38,452 | 36.10 |
| 1955 | 5,474,208 | 3,078,012 | 2,926,154 | 151,858 | 56.23 |
| 1956 | 6,663,917 | 3,500,722 | 2,885,099 | 615,623 | 52.53 |
| 1957 | * 3,085,607 | 2,773,178 | 608,847 | 2,164,331 | 89.87 |
| Total | 26,717,193 | 13,825,971 | 10,855,707 | 2,970,264 | 51.75 |
| **Hull Crash Coverage** | | | | | |
| 1953 | 11,457,855 | 6,752,170 | 6,752,061 | 109 | 58.93 |
| 1954 | 13,207,461 | 8,577,975 | 5,561,970 | 16,005 | 42.23 |
| 1955 | 13,112,911 | 7,218,271 | 7,085,227 | 133,044 | 55.05 |
| 1956 | 17,909,996 | 18,292,931 | 16,926,907 | 1,366,024 | 102.14 |
| 1957 | * 7,771,155 | 6,315,217 | 3,955,237 | 2,359,980 | 81.26 |
| Total | 63,459,378 | 44,156,564 | 40,281,402 | 3,875,162 | 69.58 |
| **Aircraft Passenger Liability** | | | | | |
| 1953 | 7,087,212 | 3,689,074 | 3,335,476 | 353,598 | 52.05 |
| 1954 | 6,527,424 | 4,204,868 | 3,564,068 | 640,800 | 64.42 |
| 1955 | 7,255,514 | 6,133,332 | 3,181,600 | 2,951,732 | 84.53 |
| 1956 | 7,179,927 | 7,613,114 | 2,454,162 | 5,158,952 | 106.03 |
| 1957 | * 3,435,623 | 1,804,813 | 143,254 | 1,661,559 | 52.53 |
| Total | 31,485,700 | 23,445,201 | 12,678,560 | 10,766,641 | 74.46 |
| **Aircraft Public Liability** | | | | | |
| 1953 | 915,041 | 446,250 | 285,558 | 160,692 | 48.77 |
| 1954 | 994,746 | 854,841 | 826,436 | 28,405 | 85.93 |
| 1955 | 1,117,963 | 1,512,024 | 479,184 | 1,032,840 | 135.25 |
| 1956 | 1,215,758 | 2,185,305 | 210,033 | 1,975,272 | 179.75 |
| 1957 | * 666,718 | 134,073 | 28,845 | 105,228 | 20.11 |
| Total | 4,910,226 | 5,132,493 | 1,830,056 | 3,302,437 | 104.53 |
| **Aircraft Property Damage Liability** | | | | | |
| 1953 | 1,420,240 | 670,985 | 593,701 | 77,284 | 47.24 |
| 1954 | 1,504,040 | 957,430 | 870,574 | 86,856 | 63.66 |
| 1955 | 1,752,866 | 747,388 | 570,104 | 177,284 | 42.64 |
| 1956 | 2,020,971 | 1,387,950 | 682,599 | 705,351 | 68.68 |
| 1957 | * 1,033,165 | 448,722 | 210,875 | 237,847 | 43.43 |
| Total | 7,731,282 | 4,212,475 | 2,927,853 | 1,284,622 | 54.49 |

*Estimated Earned Premiums

Direct Business Only

Policy Year Experience to Dec. 31, 1957

| Policy Year | Net Direct Premiums Earned | Incurred Losses Including Allocated Claim Expense | Paid Losses Including Allocated Claim Expense | Loss Reserve Dec. 31, 1957 | Loss Ratio |
|---|---|---|---|---|---|
| **Airport PL and PD** | | | | | |
| 1953 | 746,428 | 474,836 | 364,731 | 110,105 | 63.61 |
| 1954 | 801,028 | 410,914 | 267,477 | 143,437 | 51.30 |
| 1955 | 996,872 | 631,485 | 327,847 | 303,638 | 63.35 |
| 1956 | 987,938 | 573,894 | 232,949 | 340,945 | 58.09 |
| 1957 | * 602,090 | 304,813 | 57,311 | 247,502 | 50.63 |
| Total | 4,134,356 | 2,395,942 | 1,250,315 | 1,145,627 | 57.95 |
| **Products Liability** | | | | | |
| 1953 | 1,838,343 | 1,476,733 | 1,212,383 | 264,370 | 80.33 |
| 1954 | 2,144,923 | 296,355 | 86,155 | 210,200 | 13.82 |
| 1955 | 1,946,545 | 924,953 | 124,953 | 800,000 | 47.52 |
| 1956 | 2,406,558 | 421,001 | 59,531 | 361,470 | 17.49 |
| 1957 | * 1,274,315 | 212,206 | 1,706 | 210,500 | 16.65 |
| Total | 9,610,684 | 3,331,248 | 1,484,728 | 1,846,520 | 34.66 |
| **Personal Accident (Individual and Group)** | | | | | |
| 1953 | 4,039,915 | 1,346,705 | 1,345,955 | 750 | 33.33 |
| 1954 | 3,852,982 | 488,803 | 487,803 | 1,000 | 12.69 |
| 1955 | 4,675,253 | 1,313,414 | 1,195,552 | 117,862 | 28.09 |
| 1956 | 5,691,870 | 1,803,664 | 1,582,264 | 221,400 | 31.69 |
| 1957 | * 3,748,605 | 834,047 | 364,039 | 470,008 | 22.25 |
| Total | 22,008,625 | 5,786,633 | 4,975,613 | 811,020 | 26.29 |
| **Hangar Keepers** | | | | | |
| 1953 | 198,458 | 66,059 | 64,114 | 1,945 | 33.29 |
| 1954 | 228,647 | 40,238 | 38,958 | 1,280 | 17.60 |
| 1955 | 278,030 | 98,526 | 83,151 | 15,375 | 35.44 |
| 1956 | 272,869 | 68,492 | 61,717 | 6,775 | 25.10 |
| 1957 | * 119,612 | 54,415 | 18,879 | 35,536 | 45.49 |
| Total | 1,097,616 | 327,730 | 266,819 | 60,911 | 29.86 |
| **Baggage** | | | | | |
| 1953 | 26,283 | 48,558 | 48,558 | | 184.75 |
| 1954 | 36,909 | 33,618 | 23,118 | 10,550 | 91.08 |
| 1955 | 88,643 | 61,925 | 43,594 | 18,331 | 69.86 |
| 1956 | 240,164 | 38,825 | 21,020 | 17,805 | 16.17 |
| 1957 | * 19,095 | 14,287 | 7,593 | 6,694 | 74.82 |
| Total | 411,094 | 197,213 | 143,883 | 53,330 | 47.97 |

*Estimated Earned Premiums

# A & S

## Speakers Listed For Wis. A&H Sales Rally

The program has been completed for the sales congress and annual convention of Wisconsin Assn. of A&H Underwriters, Sept. 11-12, at Hotel Astor in Milwaukee.

Speaking at Thursday's meetings will be Robert J. Morris, Monarch Life; Robert A. Judd, Phoenix Mutual Life, Madison, and William D. Cale, Woodmen A.&L., Indianapolis.

Sessions on Friday will feature talks by Harold Peterson, superintendent of agencies American United Life, Eugene Boisaubin, superintendent of agencies General American Life, Gibson Wright, international association zone chairman, Robert Osler, vice-president of Rough Notes Co., and Sig Stottrup, United Benefit Life, Decatur, Ill. Commissioner Rogan of Wisconsin will be the luncheon speaker.

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## Ohio A&H Assn. Board Sets Common Fiscal Year

The executive board of Ohio Assn. of A&H Underwriters, meeting recently in Columbus, passed resolutions that all local associations remit dues to the state and International associations by the last day of each month and that a common fiscal year be established—June 1 through May 31.

Guests at the meeting were Gail Shoup, IAAHU president; John Forrest, zone chairman for Ohio, and W. S. Steiger, membership director. Gov. C. William O'Neill has proclaimed the week of Sept. 7 as A&H Insurance week in the state.

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### *To Hold DITC At Indianapolis*

Indianapolis A&H Assn. and Indianapolis Assn. of Life Underwriters will sponsor a DITC at Butler University, Sept. 25. William Highfield, A&S editor of Insurance R.&R., and author of the DITC text, will instruct the series. Registration is being handled by Earl Mulchahy, American United.

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## Baker Is St. Paul F.&M. A&S Special In Minn.

Robert O. Baker has been named special agent of St. Paul F.&M. for Minnesota in the A&S department. He has been serving as brokerage supervisor of Western Life, and before that spent several years in the sales division of St. Paul's A&S department.

## Experts Booked For Vt. Agents' Annual

Discussions by specialists of agency management will feature the annual meeting of Vermont Assn. of Insurance Agents at Stowe, Sept. 7-8. An agents' forum will include R. C. Shipley, manager northeastern branch of National Bureau of Casualty Underwriters, Portland, and Samuel J. Hatfield, manager of the Vermont division of New England Fire Insurance Rating Assn. Charles W. Tye, of Joseph Froggat & Co., insurance accountants of New York City, will discuss "Agency Management Tax and Continuation Problems."

Robert Burns, president of American Agency Management Bureau, Washington, D. C., will speak on "How To Increase Your Profits." Richard J. Layton, vice-president of Rough Notes Co., will outline "How To Work Smarter—Not Harder."

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## Ga. Counties Under WC Act

Georgia Attorney General Eugene Cook has ruled that a 1958 amendment to the workmen's compensation act makes counties subject to the act as employers. They must buy WC or qualify as self insurers, as provided by law.

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## Durling In Bond Post

Employers has appointed Clarence E. Durling bond manager for Connecticut. He has specialized in bonding since 1937.

## Great Southern To Issue New Stock To Effect Exchange With Superior

Great Southern Life stockholders will vote next month on a proposal to increase the capital of the issuance of 40,000 new shares which will be used to effect the stock exchange with Superior of Dallas. Superior stockholders will get one share of Great Southern for each 2½ shares of Superior. The Texas state securities board has issued a permit allowing Great Southern to issue the additional shares, but President Pat M. Greenwood of Great Southern said the capital will be increased only to the extent required by the actual number of Superior shares offered. So far more than 86% of Superior stockholders have accepted the offer.

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## Endicott In Multi-Peril Harford Mutual Post

Harford Mutual, Bel Air, Md., has appointed G. Robert Endicott manager of the newly reorganized inland marine-homeowners department. The department will promote multi-peril package policies. Mr. Endicott was formerly an underwriting manager for Kibler general agency of Richmond.

## Hanson To Speak In D. C.

George S. Hanson, general counsel and executive secretary of National Assn. of Insurance Agents, will speak on commissions at the Sept. 12 luncheon meeting of District of Columbia association.

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### *Poz To Philadelphia*

William M. Poz has been named superintendent of the bond department at Philadelphia by North British group, replacing James A. Lemmon Jr., resigned. He has been in the bond department of the group's western department at Kansas City.

Daniel S. Finholm has been transferred from the administrative bond department at the New York home office to assist Mr. Poz.

# Pro And Con Comments Stirred By Editorial On Unused Sales Material

**The editorial in the Aug. 1 issue of The National Underwriter, "Too Much Honey For Busy Bees," which dealt with the question of sales promotion materials furnished to agents by companies in such abundance that much of it may be unused, has elicited a number of comments.**

**The advertising director of one leading company wrote in part as follows:**

I know, of course, that some of the conditions you refer to exist. I know that some agents do order advertising material which they never use, with the result that this material collects dust in the agent's storeroom and eventually is thrown out—a complete loss. At the same time, however, I believe that these cases are becoming more and more the exception rather than the rule.

Over a period of many years, this question has come up for discussion at various meetings of Insurance Advertising Conference, and I think practically all companies today, especially today, make a practice of sending advertising supplies to agents only when specific requests for such advertising are received. The old plan of automatically sending agents 100, 200, or more folders on the chance that the agent might use these if he had them, has been abandoned by practically all companies.

**A Challenging Aspect Cited**

As you point out, an agent represents a number of different companies and probably receives from each of three or four companies, a folder on the same line of insurance. But is this bad? To me, this is one of the challenging aspects of our business. This is one of the things which helps to keep us on our toes. When we start to work on a new folder on the homeowners policy, a comprehensive personal liability policy or some other form of protection, we know that the same agent who gets our folder will be getting similar folders from other companies. This spurs us to our best efforts. We would like to feel that after an agent has seen the various forms available, he will choose ours as the one he wants to use.

We do not win in every case, we know. Some people like one thing, some people like another. We think it is a good thing for agents to have a choice. In this way, nearly all of them can be pleased.

Although as indicated, an agent gets a number of sample folders, we do not believe that agents generally order a supply of more than one. Furthermore, we think that in most cases agents use the folders they order. There are exceptions, of course. But the agents today, generally speaking, are far smarter, more aggressive, more sales minded and more aware of the value of advertising than agents ever were 20 or 25 years ago.

You suggest that companies should concentrate more of their efforts on the packaging of their sales promotion programs and do more to help their agents schedule mailings according to a systematic plan. Again, we think that a lot of progress along this line already has been made. Today, whenever a new form of coverage is announced, it is almost standard procedure for companies to send agents a kit which contains samples of the available sales and advertising material designed to help the agent sell the new line. These kits also contain practical suggestions concerning the best methods for using the various items. Furthermore, many companies today offer agents a counseling service designed to help them organize and plan a complete advertising program.

* * *

It was explained to this correspondent that the editorial was directed to those managements which have not undertaken over-all sales planning—and not to advertising departments or their managers. The intent was to call attention to the fact that only when management develops a consistent sales program can the skills and efforts of the advertising department realize their fullest potential and only then can their products be fully utilized on a predetermined basis.

**Backing The Sales Package**

The reference to companies packaging their sales programs was, therefore, not to the physical assembly of kits but to the need for companies to wrap up a coherent sales philosophy in one package and give it full backing by marshaling all company and agency facilities in consistent support. In this way, sales promotion materials would fall into their proper frame of reference as valuable tools in an effort involving many people and many factors. At present sales promotion pieces may sometimes be mistaken for the entire sales campaign itself.

The editorial tried to emphasize the importance of sales promotion tools and urged that they be fully exploited as part of a plan.

Inevitably an editorial of this type will not apply to companies which have outpaced the writer by already realizing the aims advocated. The position of these companies is fortunate. Other companies, not so far sighted, may benefit by an editorial attempt to identify an area where they can improve their effectiveness.

* * *

An Oklahoma agent wrote:

After reading the editorial comment, "Too Much Honey For Busy Bees," I just shook my head in confused agreement with your thoughts. Just what the various companies expect to sell by sending out tons and tons of beautiful folders, booklets, stuffers, etc., I don't know.

What the agents need is a well

(CONTINUED ON PAGE 26)



## Leland Advanced, Four In Aetna Casualty Move

Aetna Casualty has promoted Maurice W. Leland to agency superintendent of the home office fire insurance division. He has been with the company since 1946, most recently as manager at Boston.

Maurice E. Guillet, formerly state agent at Springfield, succeeds Mr. Leland at Boston. Paul T. Haring Jr., formerly state agent for eastern New York at Albany, replaces Mr. Guillet at Springfield, and Robert B. Collins, special agent at Portland, succeeds Mr. Haring at Albany. Francis J. Kelly Jr. is transferring from Newark to Portland as special agent.

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**Alex H. Opgenorth,** secretary of Farmers Mutual Auto of Madison, has been named to the board to fill the vacancy recently created by the death of Bernard J. Gehrmann.

## Three Promoted By Phoenix Of Hartford

Phoenix of Hartford has appointed Robert J. Dwyer superintendent and Ralph A. Hattie assistant superintendent of the central fire underwriting division. Edward Tyburski has been made assistant superintendent of the brokerage division.

Mr. Dwyer joined the company in 1917 and headed the brokerage division before his new appointment. Mr. Hattie began in 1926 in the automobile division. He later became assistant examiner, examiner and assistant supervisor of the central underwriting division. Mr. Tyburski has been with the company since 1947.

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**New Hampshire Assn. of Insurance Agents** has moved its headquarters from the home of Theodore J. Rouillard, executive secretary, to new offices at 131 Broad street, Claremont.

# COMMENTS TRENDS OBSERVATIONS

## Cost Control In Loss Prevention And Hidden Values Explained To Buyers

"In their zeal to prevent losses risk managers can sometimes go overboard in the cost involved," Robert J. Ruppel, insurance manager of Joseph E. Seagram & Sons, New York, declared in a panel on the worth of loss prevention services at the American Management Assn. spring insurance conference in New York.

William R. Brightman Jr., president of Blackstone Mutual, said that the crying need today in fire prevention is for a better application of the knowledge that has been accumulated in the field on security of industrial plants.

Elliot Tanz, regional superintendent of Zurich, told the buyers he doesn't believe "you could even begin to calculate the tremendous hidden values and savings that have been brought about as the result of your investment which helped to prevent those accidents and losses you'll never know about because they didn't happen."

In order to place loss prevention in the proper perspective within the entire company insurance program, Mr. Ruppel suggested three ways the insurance manager can establish the current cost of the entire risk, evaluate expenditures for loss control with other elements of the program, and make the objectives of the program clear to the company's brokers and underwriters.

**Seek Relationship Between Costs**

The risk manager can develop, through his accounting and controller departments, the cost of self-assumed losses of an insurable nature, the cost of commercial insurance, and the cost involved in administering self insurance and commercial insurance. He should then seek to find out if there is a relationship between these costs and the amount of money being spent on loss control. This analysis may reveal that the expense incurred to control losses exceeds commercial insurance cost.

It is only natural that underwriters charged with the responsibility for accident prevention, fire prevention and theft prevention should be more concerned with controlling losses than with the costs of the programs they advocate, Mr. Ruppel said. And, if the company has only a single plant or operation it could comply with all of the underwriters' suggestions and not incur a sizeable expenditure. "But, when we get into multi-plant operations where industry must hire specialists at each location merely to coordinate and administer the plans and recommendations sugggested by our underwriters, we start to get into sizeable costs."

**Other Areas For Cost Reduction**

He suggested challenging underwriters as to the absolute necessity of complying with their recommendations in order to determine less costly alternatives.

He recommended a close examination of expenditures and said discussions with underwriters and field inspection activities might well reduce costs.

Some other possible areas for cost reduction suggested by Mr. Ruppel were: "Are all shut-down facilities essential to your sales and production programs? Are you still subject to government security regulations and are they applicable to all locations? Are you getting maximum use of your own underwriters? Are you purchasing commercial appraisal services that could be supplied by your underwriters? How heavy are your loss control expenses for nurses, doctors, visiting nurses, safety supervisors, fire brigades, firemen, consultants, psychologists, and inspectors?"

After totaling all costs, it would be well to evaluate how much continues to be absolutely necessary under present-day conditions, Mr. Ruppel advised "A cutback is not necessarily an admission of overdoing something. It could be a proper evaluation and gearing of your activities with your company's operations and profit levels."

Mr. Brightman said that when four or five large, clearly preventable fires or explosions each year account for 40% to 60% of the total losses from these causes, "it would be a mistake to assume that we have yet achieved the standard of accomplishment which is clearly within our reach." It is the failures, not the successes, that make news, and it is from the lessons of

(CONTINUED ON PAGE 26)

## Paper Chides Insurance For Lack Of Innovation

A recent article in the Saginaw (Mich.) News mildly criticized insurance companies for failing to show sufficient ingenuity in stimulating business. It was noted, for example, that automakers have shown more imagination in appealing to the public with innovations.

One idea advanced by the writer as having special merit was that insurance companies "should form an association that would evaluate the insurance needs of each one who asked (the service). It would work this way: The interested person would fill out a questionnaire that would call for all facts on his health, his progenitors, his family, his financial status, his holdings, his occupation, his income and so on for pages. The facts would then be fed into an electronic computer and out would come an estimate of the life, liability, fire, theft, hospitalization and all other insurance the individual needed."

Another suggestion put forth was that when purchases of major merchandise items were made, such as appliances, luggage and the like, that full-coverage floater policies be sold for an added fee at the store.

## THE EXAMINER

I joined the staff a normal man
My mind in normal circles ran,
The net and gross retention line
Were never intimates of mine.
Now though I meet them day by day
They're still a thousand miles away.
Cessions nearly drive me mad
In fact, they're every bit as bad.
I wake and wonder in the night
If what I've given and kept is right.
With fevered brow and aching eye
I see fire engines flying by.
When reason totters on the brink
I cannot even turn to drink,
For if I get completely canned
I see huge fires close at hand.
My mind grows weaker day by day
My hair is quickly turning grey.
I'm off my food, I'm going thin
Fit only for the loony bin.
One thing I ask while I'm still sane
Please bury me beside a drain
Where water can be made to run
To quench a fire 'ere it's begun.
In sprinklered fire resistive casket
The opening sealed with perfect gasket,
And in my cold hand gently place
A Dun & Bradstreet in a case.
Then lay me one night calm and still
Beneath the hydrant on the hill.-Anon.

## Tells How To Get "U" Approach In Big I Ties

Ohio Farmers' pamphlet on local agency advertising, "If You Tell 'Em You Can Sell 'Em," should be particularly valuable now to agents wishing to tie in on a practical basis with the Big I campaign of National Assn. of Insurance Agents. The pamphlet's common sense approach is established in its definition of advertising as anything which helps the agent sell more and better coverage. It advises agents to advertise themselves, their companies and their coverages—each to a degree—but points out that the primary feature of advertisements should be what agents can do for customers. They are mildly interested in local agents, companies and coverages, but vitally interested in themselves, the pamphlet notes, and that is where much advertising breaks down. It talks about technicalities instead of the customers' needs and how agents can fill them.

Unless advertising is persistent it is money and effort thrown away, the booklet emphasizes. Any idea that an ad or a mailing should or will produce immediate measurable results is a delusion. Many persistent advertisers still cannot "prove" what their advertising has accomplished. They only know that their agencies are enjoying the kind of success which enthusiasts say advertising will produce.

There are chapters on folders, direct mail, use of newspapers, window displays, gadgets, household inventories, surveys and the telephone as a sales instrument—each analyzed in terms of their value and limitations with suggestions for practical use of each medium. The pamphlet points out that the agency girl can be valuable if she learns about the "Tell 'Em and Sell 'Em" technique, and agents should teach them something about coverage to cash in on their potential help.

The tone of the publication is summed up in a paragraph which points out that the agency system will continue to succeed if it keeps on giving people the best service and if people know it is the best and why. If agents don't tell people what they are doing for them, what they can do and how well they can do it, they should not be surprised if the public thinks of them as nice guys but not indispensable and regards non-agency insurance as probably just as good.

## Reader Comments On PR In Auto Liability

A subscriber writes:

THE NATIONAL UNDERWRITER of June 20 contains several articles which prompt these comments. They are based on 50 years of experience, a large part of which has been directly concerned with the promulgation and use of automobile insurance rates.

The article on suggestions for offense and defense in treating auto problems comments on public relations. One basic theory of PR is that to be successful it must at all times be a two way street. But fire and casualty companies (not life) have been too prone to continue to "tell the public"—seldom in the last 40 years have they questioned the public on its opinions and attitudes. Most of what has been done along this line has been done by producers. Wouldn't it be worthwhile to have a survey or poll made by an independent organization? Instead of spending millions of dollars in "telling the public," wouldn't it be much better to find out through independent sources what the public thinks and why they think and act the way they do in connection with the purchase of automobile insurance?

On page 5 of the same issue J. T. Parrett of Carnation Co. listed seven questions a corporate insurance buyer is required to answer to the executive to whom he reports? This is a small but illuminating example of what I mean by "two way street."

This year one of the larger stock casualty companies (U.S.F.&G.) published a booklet on automobile insurance that is highly informative for the professional insurance man but too technical for the layman. It was distributed to agents and those "in-the-know." Because it went to the professionals, it did not reach the masses most concerned and most voluble about automobile premiums. Therefore it rates as good PR but falls short of the theory of the two way street.

Why shouldn't agency stock and mutual companies spend a reasonably large sum of money to compile a book of questions asked the public, together with their answers? This wouldn't be 10 to 15 questions but a brochure with as many as 100 to 300. The questions of course would overlap and in some instances duplicate, but because of their variation would elicit valid and reliable answers. It is possible that

there have been some polls made but none on this scale. The need is here right now for such an exhaustive poll.

Without a doubt the fire and casualty business can do an infinitely better PR job than it is doing.

On page 40 of the same issue you publish remarks agitating the idea that the present auto classification system is too cumbersome, burdensome or numerous.

The writer's contact with automobile rate promulgation, quotation and use goes back to 1914, and during all these years he has seen highly simplified methods of rating automobile risks as well as even more complicated methods than are used today. Do the number of classifications now in use have a direct bearing on the loss ratios? Would reducing the number of classifications have a material effect on the acts of a driver behind the wheel at any given moment? It is said that "increased rates are not the answer to bad loss ratios because higher rates cause the good risk to leave and the bad risk always remains." In the present automobile market the good risk must still buy insurance, but he seeks a market that gives him, in his opinion, proper consideration for the fact that he is a good risk. Consequently, there has been a rapid growth of independent insurers catering to the so-called good risk and paying a reduced acquisition cost for this type of business. This has made it necessary for the risk that could not qualify for such perferred consideration to pay a higher rate in order to carry its share of the losses.

This same article claims that multiple classifications reduce the size of rate base. But the method used to promulgate rates precludes the possibility of a narrow base for each class or classification. I suggest that so long as class 2 risks continue to produce excessive losses they must be expected to pay heavily surcharged rates. Even though insurance departments are reluctant to approve such rate increases, nevertheless, such action becomes practically mandatory if the insurance is to be written at all, either by state fund or private companies.

The American public in the last 20 years or so has learned more and more to socialize its losses—social security, state funds, catastrophe allotments, etc. Does this mean that when one class of citizen continues to produce excessive loss ratios, causing rates to become high to the point of public complaint, the public will once again socialize its losses by voting for state or federal funds for automobile insurance? Any thinking person who believes that this means lower automobile rates, more prompt payment of automobile claims, or increased consideration of every claimant's whim, are burying their heads in the sand and refusing to look at what has happened in the past. One glaring example is the present predicament of railroads and air lines under the supervision of Interstate Commerce Commission.

Wouldn't application of the two way street theory of PR to this problem do a great deal to help the situation? Let us find out what the public knows and doesn't know about the questions that are being asked, the attitudes that are being maintained and how it feels about automobile insurance and do our best to provide proper and sensible answers.



## Premium Discounts, New WC Rates In Indiana

A premium discount plan for workmen's compensation has been introduced in Indiana, but on a different basis than that of other states. Discounts will be granted only if a specific request is made to the department with the following standard percentages: For the first $1,000 no discount for either stock or non-stock companies; for the next $4,000, 9% for stock and 3% for non-stock; for the next $95,000, 14% for stock and 6% for non-stock, and over $100,000, 16.5% for stock and 8.5% for non-stock.

William L. Clark, manager of Indiana Workmen's Compensation Bureau, said the discounts will result in an approximate 5% reduction in total premium receipts. The plan applies to new and renewal policies dating from July 1, the same date on which new rates were introduced to produce a 4% over-all increase in premiums.

The increases under the new rates are: Manufacturing 1.9%, contractors 5.6%, others 4.8%. To gain the desired increase in premium level, the weekly wage basis was increased to $300. Manual reductions of 4.8% in the premium level were necessary in order to round out at the 4% increase desired when using the new $300 weekly wage base.

—

Lee Bruton, formerly at the Lubbock, Tex., office of **White & White Inspection & Audit Service,** has been appointed manager of the new office at Albuquerque. Max Johnson, formerly at Dallas, has been named manager at Lubbock.

## Central National Names Carson V-P

Norman T. Carson has been elected vice-president and a director of Central National. He has also been named president and director of Central National Life.

Mr. Carson was formerly executive vice-president of Central Standard Life, and is immediate past national chairman of Life Insurance Management Assn.

## McCully Is Economist For Kemper Companies

Appointment of Edward N. McCully to economist and a senior executive has been made by the Kemper group.

Mr. McCully joined the Kemper organization as an investment analyst in 1954 and last December was named administrative assistant to Chairman James S. Kemper. Prior to joining the companies he had been with the State Department foreign service.

# Editorial Comment

## Agents More Receptive To Signed App

Recently there appeared in the bulletin of an agent's association the statement that "we might be faced with the need of getting signed applications from auto insured. The idea is working out fine with some of the specialty companies, and it is felt that the prospect, when he faces signing, is more inclined to give truthful answers. It is felt also that the prospect doesn't mind signing applications but the agent does. However, if signed applications will tend to improve underwriting, then maybe we should support the idea, even though it does cause additional work."

This is a constructive attitude. For a long time automobile insurers have contended that the information they get about the prospective insured from the agent, or through the agent, is often not particularly good. The running of a credit report does not supply the same knowing information that the agent could supply, or that the prospective insured would supply if he signed the application. In other words, the applicant is in the position of a buyer, the agent is in the position of a seller, and it is natural for the agent to feel reluctant to be persnickety with a customer he is about to get—with respect to information which is essential for the insurer properly to underwrite the risk. Unquestionably, the signing of an application by the applicant would tend to produce both more accurate and more information.

There is no question, either, that the securing of an application signed by the prospective insured will be more work for the local agent, who already has an enormous amount of tedious detail to see to. But, if getting the prospect's signature will facilitate the placing of automobile business, the agent may save time net, since nowadays he is likely spending a considerable amount of time in the matter of getting the business placed.—K. O. F.

## Automation Can Be A Laughing Matter

Endless speculation is possible on how far automation can go in the insurance business. Many see limitless possibilities. Others are skeptical and cite early performance reports as proof of limitation.

Everybody knows that automation has taken over routine tasks in almost every line of business and industry. But how often is it realized that automation—or something mighty close to it—has invaded the field of human personality and therefore of selling?

Consider the television comedians. Each is backed by an assembly line of gag-writers who are equipped with complete, indexed files of jokes. The comedian is constantly and automatically fed topical and timely laugh provoking material. For example, when Alaska's status as a new state became clear, the assembly line of jokesmiths plunged into the files and ferreted out items under such headings as snowballs, Eskimos and related subjects. Comparisons with Texas—displaced as the largest state—were drawn and a complete package of Alaska jokes was ready for the comic. All he had to do was "sell" it.

Many comedy shows are filmed. During rehearsals and actual filming, experts hold stop watches on the audience to see how often and how long they laugh. Canned laughter from other occasions is also often inserted in the finished film to spark the home viewers' sense of humor. When the comedian appears in the living room he is the end man in the assembly line.

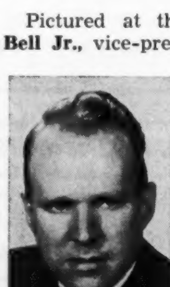
Laughter, of course, is the most deadly serious business in the world. That is why it is priced so high and why few fields of activity can match the precise, automatic processes which bring it to the mass market. Years ago comedians did the entire job themselves. They had a specialized and often local audience to which they could devote their personal services. They were often men of wit who created their own acts, wrote them, arranged the timing and delivered the goods. Now their function is confined to the delivery. The mass market is too big for one man to do the entire job.

When watching a television show we seldom realize that the jokes, applause and all the rest are as much the product of a kind of automation as are the dancing boxes of soap powder, bottles of beer or cigarettes which highlight the commercials.

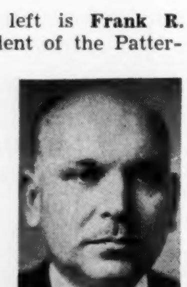
Relating the field of comedy to insurance may seem farfetched to some. But if automatic processes can tickle mass risibilities, perhaps they can protect mass responsibilities as well. In that case the insurance producer would become a salesman—and nothing more—of a product created and produced by a highly organized and skilled combination of men and machines.—J. N. C.

# Personals

Pictured at the left is **Frank R. Bell Jr.**, vice-president of the Patterson, Bell & Crane Co. agency of Charleston, W. Va. On page 1 of last week's issue there was substituted for the likeness of Mr. Bell the picture of **John D. Marsh**, general agent at Washington, D. C., for Lincoln National Life. Mr. Bell and Mr. Marsh are not alike in appearance. The use of Mr. Marsh's cut in place of Mr. Bell's occurred when Mr. Marsh was slated to appear on the front page of the Life Insurance Edition of THE NATIONAL UNDERWRITER and by grievous accident got into the Fire and Casualty Edition.



Frank R. Bell Jr.



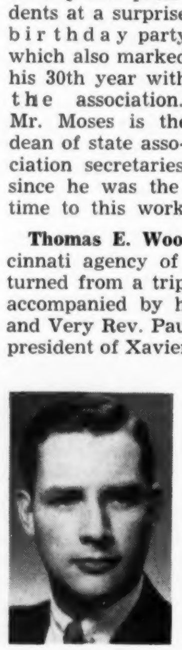
John D. Marsh

Mr. Bell was reelected state director of West Virginia Assn. of Insurance Agents at the meeting of that organization in White Sulphur Springs. He is a past chairman of the Southern Agents Conference of NAIA.

Frank D. Moses

**Frank D. Moses,** secretary-manager of Pennsylvania Assn. of Insurance Agents, was honored by officers and past presidents at a surprise birthday party which also marked his 30th year with the association. Mr. Moses is the dean of state association secretaries, since he was the first to devote full time to this work.

**Thomas E. Wood,** head of the Cincinnati agency of that name, has returned from a trip to Ireland. He was accompanied by his son, Thomas Jr., and Very Rev. Paul L. O'Connor, S. J., president of Xavier University.



D. J. Sherwood

**David J. Sherwood,** recently appointed assistant vice-president of all companies in the Fireman's Fund group, has taken over increased executive responsibilities in eastern department management. For the past year he has been assistant group manager of the eastern department. He joined Fireman's Fund in 1946.

# Deaths

**JULIAN S. BACH,** 70, an associate of John C. Paige & Co., New York City brokerage, died in the hospital there. He was a founder of the New York stock exchange firm of Bach, White & Co.

**ARCHIE E. HANER,** 72, head of the Cleveland agency of that name, died at his home in Lakewood, Ohio.

**GEORGE W. SPEER,** 58, head of the C. O. Speer & Son agency of Waterloo, Ind., died of a heart attack while vacationing at Sault Ste. Marie, Mich. Mr. Speer started with his father in the agency when he was 16, five years after the agency was organized. He had had an earlier heart attack four years ago but had returned to work on a full time basis.

**ARTHUR B. DIMOND,** 88, partner for 50 years with his brother William in an Arcola, Ill., agency, died at Decatur, Ill.

**MRS. ARTHUR W. WILLIAMS,** wife of the veteran insurance news correspondent at Louisville, Ky., died Aug. 21. Mrs. Williams, ill for five years of a heart condition, established the pet booth at the Shrine Club's picnic for crippled children and built


The NATIONAL UNDERWRITER

The National Weekly Newspaper of Fire and Casualty Insurance

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**ATLANTA 3, GA**—432 Hurt Bldg., Tel. Murray 8-1634. Fred Baker, Southeastern Manager.

**BOSTON 10, MASS.**—80 Federal St., Rm. 342, Tel. Liberty 2-9229. Roy H. Lang, Southern New England Manager and Dana L. Davis, Northern New England Manager.

**CHICAGO 4, ILL.**—175 W. Jackson Blvd., Tel. Wabash 2-2704. A. J. Wheeler, Chicago Manager. R. J. Wieghaus and William D. O'Connell, Resident Managers.

**CINCINNATI 2, OHIO**—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director; George C. Roeding, Associate Manager; Arthur W. Riggs, Statistician.

**CLEVELAND 14, OHIO**—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

**DALLAS 1, TEXAS**—309 Employers Insurance Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

**DENVER 2, COLO.**—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

**DES MOINES 9, IOWA**—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. D. J. Stevenson, Resident Manager.

**DETROIT 26, MICH.**—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

**INDIANAPOLIS 20, IND.**—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

**MINNEAPOLIS 2, MINN.**—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

**NEW YORK 38, N. Y.**—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

**NEWARK 2, N. J.**—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

**PHILADELPHIA 9, PA.**—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

**ST. LOUIS 2, MO.**—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo E. Wohlgemuth, Resident Manager.

**SAN FRANCISCO 4, CAL.**—582 Market St., Tel. Exbrook 2-3054. Robert L. McMullen, Pacific Coast Manager.

CHANGE OF ADDRESS

**Be sure to enclose mailing wrapper with new address. Allow three weeks for completion of the change. Send to subscription office, 420 E. Fourth St., Cincinnati 2, Ohio.**

it up from $300 net profit the first year to around $2,800. Years ago she operated one of the top dancing schools in Louisville, and later operated similar ones in New York state.

**FRED L. TERRY**, 88, retired president of Terry-Graham agency of Miami, died there.

**BENJAMIN RICHARDS**, 80, retired manager of Underwriters Service Assn., died at his home in Kenilworth, a suburb of Chicago. Mr. Richards' insurance career dated from 1895 when he started with the Factory Mutuals as an engineer at Boston. In 1905 he joined Underwriters Bureau of New England as assistant manager, and in 1918 he moved to Chicago as chief engineer of the Western Factory Assn. He joined Underwriters Service Assn. in 1923.

Mr. Richards was a past president of Insurance Club of Chicago, and served as secretary-treasurer of Insurance Institute of America, and as chairman of various committees of National Fire Protection Assn.

**WILLIAM C. BLUM**, 41, an assistant general superintendent of Home at Philadelphia, died there. He had been with the company more than 20 years.

## *Pacific CPCUs To Discuss Courses*

Pacific chapter of CPCU will hold a meeting Sept. 10 open to all interested in obtaining the CPCU designation. A panel headed by Dr. Irving Pfeffer, professor of insurance at UCLA, will be present to answer questions and review the CPCU courses. The meeting will be in the General Petroleum building, Los Angeles.

—

**Earl A. Klein** has been appointed general manager of the local agency of Boyce & Co. at Baltimore. The agency is owned by Mrs. E. G. Boyce whose late husband founded the firm in 1934. Mr. Klein began in insurance in 1936 and recently had been special agent of U.S.F.&G., which he joined in 1951. Earlier he was with Fidelity & Deposit at the home office and in Iowa and Wisconsin.

# Stocks

**By H. W. Cornelius, Bacon, Whipple & Co.**
**135 S. LaSalle St., Chicago, August 26, 1958**

| | Bid | Asked |
|---|---|---|
| Aetna Casualty | 140 | 143 |
| Aetna Fire | 65 | 66½ |
| Aetna Life | 203 | 210 |
| Agricultural | 28 | 29 |
| American Equitable | 32½ | 33½ |
| American (N. J.) | 25 | 26 |
| American Motorists | 12¼ | 13¼ |
| American Surety | 17 | 18 |
| Boston | 30½ | 31½ |
| Camden Fire | 30¼ | 31½ |
| Continental Casualty | 95 | 96 |
| Crum & Forster com. | 62 | 64 |
| Federal | 48¾ | 50 |
| Fireman's Fund | 49 | 51 |
| General Reinsurance | 63 | 65 |
| Glens Falls | 31¼ | 32½ |
| Globe & Republic | 18½ | 19½ |
| Great American Fire | 37½ | 38½ |
| Hartford Fire | 159 | 163 |
| Hanover Fire | 37½ | 39 |
| Home (N. Y.) | 40 | 41 |
| Ins. Co. of No. America | 105½ | 107 |
| Maryland Casualty | 38 | 39 |
| Mass. Bonding | 40 | 42 |
| National Fire | 85 | Bid |
| National Union | 36 | 37 |
| New Amsterdam Cas. | 44 | 46 |
| New Hampshire | 39½ | 41 |
| North River | 35 | 36½ |
| Ohio Casualty | 22½ | 24 |
| Phoenix Conn. | 37½ | 39 |
| Prov. Wash. | 16½ | 17½ |
| Reinsurance Corp. of N. Y. | 14½ | 15½ |
| Reliance | 40½ | 41½ |
| St. Paul F. & M. | 51 | 53 |
| Springfield F. & M. | 31 | 32½ |
| Standard Accident | 49 | 51 |
| Travelers | 82½ | 83½ |
| U.S.F. & G. | 63½ | 65 |
| U. S. Fire | 26¾ | 27¾ |

## Butler Bros. Launch Property Cover Again

(CONTINUED FROM PAGE 1)

exceeds $100,000 for the period of the coverage. Full coverage of average value of inventory appears to be required. There is an allowance of 5% for estimated "restoration" cost of merchandise, to cover time and work incident to restoring operations, and U&O will be provided if there is enough interest.

The literature being sent owners of Ben Franklin stores asks the owners to reply to the agency at P. O. Box 177, Montreal 29. Coverage may start as of Sept. 1, but can be started any time, with pro rata rates indicated for partial periods. Checks are to be made payable to the agency—"Ben Franklin Trust Insurance Account." The majority of Ben Franklin stores must participate to assure "complete success of the plan." The law firm of Foster, Hannen, Watt, Leggatt & Colby at Montreal is listed with the agency.

**Abandoned Former Plan**

About two years ago a similar plan developed for these stores by Butler Brothers and written in an American insurer ran into so much difficulty with state insurance departments and agency opposition that it was abandoned. Many states termed the coverage in violation of state rating laws, or discriminatory, etc.

The literature says "the program is insured by a highly reputable French-Canadian insurer, which is adequately reinsured by some of the largest insurance companies in the world. Losses are to be reported to the Belmont agency. The initial rate is experimental. As long as the store owner pays the premium his "certificate of insurance cannot be cancelled." While the rate can't be changed in the coverage period, it is experimental and may be changed.

"Although many American insurance companies would like to insure a risk as desirable as Ben Franklin stores, it is not practical for them to do so due to the pressure of local insurance interests," the agency writes. "Therefore, the Canadian market is utilized in order to assure the permanency of the plan."

**Tell Buyers' Rights**

One in a series of questions and answers states:

"Am I legally permitted to purchase insurance in a Canadian insurance company?"

"Yes. The U. S. Constitution guarantees every citizen the right to contract for insurance with whomever he wishes. Normally state insurance commissions and statutes discourage the placement of insurance through insurers not licensed in that state; however, in this case, in order to bring Ben Franklin stores the broad coverage required at a reasonable cost, this method of placement has been necessary. Adequate safeguards have been established to assure payment of all losses."

In case of dispute over losses, the agency assures store owners Butler Brothers will assist in loss settlement. "Also the insurance company has consented to service of suit in all jurisdictions" in which the stores are located in the U. S., Alaska, and Hawaii.

The insurer has agreed to pay all state premium taxes.

—

**Raymond H. Erickson** has relocated his agency to room 815, 134 South LaSalle street, Chicago.

## Buyers Hear Cost Control Speech

(CONTINUED FROM PAGE 22)

such failures that the opportunity for improvement must be found and utilized, he said.

**Three Stages Of Prevention Activities**

The work of Factory Mutuals involves three stages of fire prevention activites, planning, safety maintenance, and emergency organization, Mr. Brightman said. In the first stage, the construction, occupancy and protection plans for a new plant or building are examined carefully to see that physical resources are developed to make it safe. The probable hazards of the proposed occupancies are also considered, along with an analysis of the protection to be provided against special hazards. Finally, the companies explore the provisions for the protection of raw and finished stocks.

The problem of the little fire that grew into the large loss is not attributable to a lack of knowledge of how to prevent fires or how to keep them from growing, he asserted, but is a problem of communication where the property insurers have failed to get their points across to those who represent industry. He suggested that on occasion buyers have failed to evaluate thoroughly the recommendations based on this expert knowledge and to communicate an appreciation of the vital importance of fire prevention from top management all the way down to the careless, disinterested workman whose act causes the fire, or who doesn't know what to do when fire occurs.

**Must Know What Is Needed**

Good organization to prevent losses in a plant does not necessarily require the expenditure of a great deal of time and money, Mr. Brightman pointed out. It does require that management know what is needed and that those to whom responsibility is delegated be taught their role in the program and be ready to play it when emergency arises. A plant of modest size may not require a fire brigade, but it should have a competent loss prevention leader and a few well trained men to take charge in an emergency.

Mr. Tanz pointed out that in a correctly conceived and established program, designed to get results, accident prevention is an integrated, vital part of everyday operations and it is everybody's job.

Too frequently companies employing a safety director fail to obtain desired results, and, as the losses resulting from accident experience continue to mount, they begin to question the value of this additional investment that produces no obvious return.

In such cases, chances are the purpose and role of a safety engineer, or safety director, has been grossly misunderstood at the very beginning.

**Distinction Should Be Established**

There is an important distinction that must clearly be established in the thinking of any organization between the responsibility for the function of an accident control program and the responsibility for the control of accidents. The latter rests primarily upon the department heads and supervision. The former is usually carried by an individual who heads up the accident control program.

In this capacity, the safety director, or coordinator, or safety engineer, is primarily an adviser, or consultant, and usually carries out his responsibilities as a staff function, Mr. Tanz explained.

Since the majority of companies do not retain professional safety engineers as a full time position, but prefer to delegate the necessary responsibility of accident prevention coordination, either full-time or part-time to a member of the industrial relations department, or the plant nurse, or a regular member of line management, the assistance and guidance of insurance services are almost a vital necessity, he pointed out.

**Value Justifies Expenditure**

He said that those plants where professional full-time safety engineers are employed, the value of insurance company resources and specialized technical assistance usually more than justifies the nominal expenditures for the services. In operations sizeable enough to employ a safety director or engineer, there is frequent need to require more time to devote to the problems encountered than the full-time employe can offer, but not quite enough to justify the employment of an additional full-time safety engineer.

In instances such as these, the insurance engineer often serves to cope with the additional time requirements. Many spend an amount of time with policyholders equal to that of insured's own full-time employes.

There are, in addition to operations under one roof employing safety directors, the many organizations with multiple locations, scattered over a wide area, or country-wide, Mr. Tanz observed. The majority of these might employ, in addition to a home office safety director, or administrator, safety engineers in those locations where the size of the operations would justify the need. However, there are numerous multiple location operations which are entirely dependent upon insurance safety engineers for the loss prevention services to the local plants, warehouses, mercantile establishments, or depots.

**Safety Materials Furnished**

The cost of a comparable undertaking by any company on its own would be prohibitive, and yet a service of this type, including a substantial amount of all of the necessary safety materials, posters, films, and so forth, costs no more than would the average salaries of perhaps two additional safety engineers, he explained.

Obviously, the primary advantages of purchased protection through an insurance policy is the unquestionable fact that all of the services available could not be duplicated as economically, or as efficiently, Mr. Tanz asserted.

With regard to the question of whether buyers are spending too much for accident prevention and what portion of such expenditures can be eliminated, he said the answers are individual and lie somewhere within the area of inefficiencies and waste.

Result-producing loss prevention is essentially nothing more than good sound business practices, safely maintained premises and facilities, safe work methods and performances, adequately indoctrinated and trained employes, and good supervision, he concluded.

—



## CPCU Chapter At Syracuse

Syracuse chapter of CPCU has been organized, the 50th since organization of the national society in 1944.

Harold T. Williams, U.S.F.&G., was elected president; Harold S. Poole Jr., Hartford Fire, vice-president; and F. Byron Neff, Travelers Indemnity, secretary-treasurer.

—

### *Kalamazoo Agents Reelect Officers*

Tony Zwart has been reelected president of Kalamazoo Assn. of Insurance Agents along with the rest of last year's officers. Also returned to office were Ben Maher, vice-president; Frank P. Kavanaugh, secretary, and Robert Topp, treasurer.

## *Editorial On Sales Material Stirs Replies*

(CONTINUED FROM PAGE 21)

prepared, hard hitting sales program. Some of the companies now have this for their A&S business. But, why can't they do this for all lines they want to sell?

Recently I wrote to one of the larger companies—one that I'm sure spends a million a year on advertising. I asked them for some sales programs . . . that is, a complete plan to sell a coverage. What to do . . . what to say . . . the approach . . . etc., Step 1, 2, 3, 4 . . . and on to the close. You can guess what my reply was. They said they had never worked out a sales plan . . . step 1, 2, 3, etc.; yet, they have thousands of beautiful folders, sales letters, etc.

The companies probably think that the independent agents can figure out their own sales plan. Maybe many can. But how much better it would be if the companies' vast talent and money could be used to develop definite selling programs.

The companies should stop printing these thousands of stuffers, memo pads, stationery, envelopes, booklets . . . unless they are made a part of a sales plan.

* * *

The agency secretary of a prominent company wrote:

The point of view expressed in your editorial certainly strikes a responsive chord with this company. For years, agents and members of our field force have been telling us about the accumulation of bushels of advertising on the shelves and in the back rooms in many agency offices. We agree with you that the abundance of material has cheapened its value in the eyes of producers generally.

**A Paradox Is Recognized**

Over 15 years ago, the persons responsible for our advertising program recognized this paradox and set out to do something about it, along the lines suggested in your editorial. Our advertising aids for producers were packaged in two portfolios: One, a series of direct mail letters with scheduled mailings to prospective insured and to policyholders; and the second containing samples of all other advertising pieces, such as folders, booklets, blotters, newspaper mats, stationery, book matches, etc. New portfolios are furnished to each agent annually, or as needed to display the new items.

The many favorable comments received year in and year out prove the wisdom of this action and the truth of your timely article.

—

## Alaska Sets Five Year Requirement For Licensing

Alaska Commissioner Duncan has ruled that at least five years continuous and active operation will be required before granting a license to an insurer in Alaska.

Invoking the rule-making powers of the code, Mr. Duncan stated that the five years of successful operation will be required in the future to determine whether an applicant "is solvent and can furnish the people of Alaska safe and satisfactory insurance."

## America Fore And Loyalty Insurers Improve Position

(CONTINUED FROM PAGE 1)

quarter of 1957. While some rate increases on such classes were warranted, sought, and obtained by the insurers, an equally important factor has been a growing tendency by property owners and mortgage lien holders to bring their property coverages more into line with current insurable values, thereby also providing the insurers with much needed additional premium revenue without a corresponding increase in frequency or severity of loss claims.

Despite a serious oil fire on the Pacific coast during May, Mr. Herd commented in his most recent report to stockholders, and a number of sporadic but vicious local windstorms, hailstorms and tornadoes, the period under review was not beset by occurrences of catastrophic proportions where insurable property values were involved.

"On the other hand," he stated, "the automobile third party coverages continued to bedevil most casualty insurers during the period. It remains to be seen whether the increases in rates which have been obtained in practically every jurisdiction where sorely needed will be sufficient to offset the outgo for claims and expenses."

"Other important questions currently confront us but, aside from the automobile third party coverages, our underwriting problems appear to be responding encouragingly to treatment," he reported.

Continental wrote premiums of $38,526,801, increase $2,586,998, and had investment income of $7,560,553; Fidelity-Phenix had premiums of $33,916,935, increase $5,077,425, and investment income of $5,609,238; Loyalty group had premiums of $98,704,858, increase $14,148,901 and investment income $4,341,354; Niagara had premiums of $22,186,491, a decrease of $14,641,727, and investment income of $3,440,084, and Fidelity & Casualty had premiums of $70,629,667, increase $19,745,925 and investment income $3,862,910.

## Buckeye Union School Has 1,000th Graduate

Buckeye Union has graduated the 1,000th student from its agents' school. The school began operations in April, 1945, for returning service men. Since then, there have been 28 sessions, mostly for agents of Buckeye Union.

The 1,000th graduate was P. B. Miller, Kalamazoo. Mr. Miller was presented with a certificate by J. A. Dodd, executive vice-president and S. W. Schellenger, agency superintendent. Messrs. Dodd and Schellenger were co-founders of the school. They have, between them, handled the major part of the instruction throughout the history of the school.

## Ohio Farmers Names Bange At Hempsead, L. I.

Robert D. Bange has been named manager of the New York suburban office in Hempstead by Ohio Farmers companies. He has been with the companies for 12 years, serving as special agent and state agent in western Pennsylvania and western Maryland.

Ohio Farmers has also appointed James E. Hadsell state agent for western Pennsylvania and western Maryland. He joined the companies in 1957 and has been a special agent.

# New MPIC Homeowners Program Is Put Under The Microscope

(CONTINUED FROM PAGE 1)

ing, outbuildings and additional living expense. Its official title is dwelling special form. It cannot be used alone, obviously, but must be used in conjunction with Form 4.

Form 4. This is called the residence contents broad form. It provides broad named perils coverage on the personal property and additional living expense and is used in three situations: (1) With the dwelling special form, as noted; (2) for a tenant; (3) where the owner-occupant of a building wants the personal property, time element, theft and liability protection of the policy but is ineligible for homeowners cover on his building.

Form 5. The comprehensive form is old homeowners policy C, providing all risks cover on buildings, etc., and personal property.

**Restrict Eligibility Rules**

Eligibility rules have been restricted in one particular. Specifically, the owner-occupant of a three or four family dwelling is now out of luck. He may purchase coverage on personal property, additional living expense, CPL, etc., under Form 4—the residence contents broad form—but for coverage on his dwelling and outbuildings, he will have to turn elsewhere. The homeowners policies have always been held to owner-occupied one or two family dwellings, but the CDP followed the dwelling rule of the territory, hence, usually included up to four families.

Whether Form 4 will be used for owner-occupants of three and four family dwellings to any extent is difficult to predict. However, as noted before, this is also the tenant form and should be used often that way.

**Permit Incidental Occupancy**

Incidental office, professional, private school or studio occupancy are permitted if the applicable fire rating organization allows such occupancies without additional charge for fire coverage. An endorsement is required, with an increase in the personal property coverage, the increase to be at least 25% of the personal property limit. This calls for an extra charge. Likewise, if the fire bureau rules permit the use of the dwelling schedule on a dwelling and strictly residential outbuildings on a farm, the homeowners policy may be used there. In general, this applies only when the insured is not a farmer and whatever farming is conducted there is merely incidental to the dwelling occupancy.

An otherwise eligible risk can have as many as two boarders or roomers per family, i.e., four all told.

**Joint Ownership Is Problem**

A problem which used to cause some difficulty under homeowners rules was the jointly owned two-family dwelling. Related to this, there used to be occasional arguments about non-occupant joint owners. Both situations are now provided for in the rules.

A very important change permits covering secondary residences and property there. This was permitted under the old CDP but was taboo with homeowners. As under the CDP rules on which it was obviously modeled, the new rule permits writing secondary residences under the same policy if located in the same state. If in another state, a separate policy is written. In either event the base physical damage requirement on the building is only $5,000, instead of $8,000, the requirement for the main location.

The mandatory limits of liability applicable to the various homeowners forms are virtually the same as under the old forms, with one or two noteworthy differences. The required personal property amount under Forms 1, 2 or 3 plus 4 (dwelling special plus residence contents broad form) is 40% of the building amount, as before. However, the insured has the option of cutting this to 30%, with an appropriate adjustment in the premium. As before, the personal, property amount may be increased. Newly, the outbuildings and time element limits may be upped for an extra charge.

The limits, then, of the standard, broad and special plus broad contracts are:

—Dwelling building minimum, $8,000.

—Private structures, 10% of dwelling limit.

—Unscheduled personal property, 40% of dwelling limit, with 10% of this, minimum $1,000, applying off premises.

—Additional living expense, 10% under Form 1, 20% under Form 2 or Form 3.

—Comprehensive personal liability, $10,000.

—Medical payments, $250.

—Physical damage to property, $250.

**Limits For Separate Written Form 4**

When Form 4 is written separately—for a tenant or an otherwise ineligible owner-occupant—the minimum amount of personal property cover is $4,000, with 10% of this, minimum $1,000, applying off premises. The additional living expense limit under these circumstances is 20% of the personal property amount. Also, there is 10% of the personal property amount on improvements and betterments.

The basic limits of Form 5—the comprehensive form—are dwelling minimum, $15,000; private structures, 10% of the dwelling limit; personal property (unscheduled), 50% of the dwelling limit; additional living expense, 20% of the dwelling limit; CPL, $25,000; medical payments, $500 and physical damage to property, $250. As with the other policies, the amount of outbuildings, personal property and additional living expense may be increased. The personal property limit may not, however, be reduced.

As before, various limits applicable to specific types of property may be increased according to manual rules, subject to additional charges.

The new program is on a standard provisions basis. This means language must be rigidly adhered to but not necessarily format. The language is the latest—that of the broad form, for example, being based on the latest recommendations of Inter-Regional Insurance Conference, that of the special form likewise.

A wind and hail deductible is among the prescribed provisions for the forms, this to apply on a mandatory or optional basis or not at all, depending upon the rules of the fire rating organization of the territory. A second deductible clause corresponds with that of the dwelling buildings and contents broad form or dwelling buildings special form, depending upon the homeowners form in question. This deductible may be waived.

**A Significant Change**

One very significant change in the comprehensive form—the all risks contract—is that the $50 deductible clause is no longer also a $500 franchise clause. It will be recalled that the current language of the deductible in homeowners policy C specifies that the deductible is inapplicable if the loss is $500 or more. This is no longer so. Regardless of the size of the loss, recovery is based on the excess of $50, unless the insured has paid the extra premium for deleting the clause altogether.

Also optionally, the named perils forms—1, 2 and 4—may be written subject to a $25 theft deductible. This has been available under the CDP manual but not under homeowners.

## Crum & Forster Promotes Dempsey; Names Hansen

George J. Dempsey has been named resident manager of Washington and northern Idaho by Crum & Forster, to succeed Donald U. Seaman, who resigned.

Richard E. Hansen has been named special agent for Washington.

Mr. Dempsey joined Crum & Forster in 1931, was with Hardware Mutual from 1934-44 when he rejoined Crum & Forster at San Francisco. He has been agency superintendent at Seattle.

Mr. Hansen began in insurance with Pacific National at San Francisco in 1946, and has been with the Thompson agency in Tacoma since 1953.

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